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FINANCIAL TIMES

No. 27,183 Thursday January 6 1977 **12p

MEEHANITE... The Seal of Quality with Flake & Nodular Iron Castings

Vertical text on the left margin, including 'Sea' and 'toer'.

NEWS SUMMARY

GENERAL BUSINESS China's New rise economy in gilts nit by quake improves

China's economic expansion has been set back three years by last July's earthquake...

Three-man inquiry is to investigate the recent series of gas explosions...

JVF to renew bomb campaign... The Loyalist Volunteer Force...

French financial paper planned... Jean-Jacques Servan-Lizer...

Richard moves on... Mr. Ivor Richard, chairman of Rhoades...

Briefly... with three wickets in hand, needed 21 runs to avoid a ninth defeat...

Table with 2 columns: Item, Price Change. Includes 'Chief price changes yesterday'.

Shell and Esso win right to sell North Sea oil

BY RAY DAFTER, ENERGY CORRESPONDENT

Shell and Esso won the right to refine and market all the oil they produce from their North Sea fields under a far-reaching State participation deal...

The two companies operate jointly in four of the fields so far declared commercial. They said yesterday the arrangements would protect an offshore investment which was likely to reach £5bn. by 1980.

Jointly they are the biggest operators in the North Sea and market leaders in U.K. refined products. They fought long and often bitterly to retain control of all their offshore oil.

British National Oil Corporation will have the right to buy up to 51 per cent of Shell/Esso's crude but the companies have secured the provision that they will be able to buy back the oil for use in their refineries.

They have retained control of oil which might be exchanged for the heavier foreign crudes needed to maintain the U.K. refinery balance.

Principles signed yesterday show BNOC will be a joint licence holder with Shell and Esso in all present and future fields. It will have a veto in the operating committee which decide field development.

BNOC will turn to Shell and Esso for tuition in crude oil supply, transportation and refinery operations.

Iranians threaten oil sales blacklist

BY ROBERT GRAHAM

TEHRAN, Jan. 5. THE NATIONAL Iranian Oil Company today warned oil companies that they would be blacklisted if they failed to honour their crude purchase obligations.

The warning came in a statement which disclosed that in the first week since the new OPEC prices came into force, NIOC direct sales had slumped by almost 50 per cent.

This is the hard evidence that one of the majority of members holding out for a 10 per cent increase has been adversely affected by the determination of Saudi Arabia and the United Arab Emirates to hold the price increase to 5 per cent.

The statement said that NIOC had arranged sales of crude for 1977 of 32.81 million tons for a total of 60m. tons, or an average of 1.2m. barrels a day. Since the direct sales came into effect NIOC oil prices have slumped from more than 1.2m. to 693,000 b/d.

The statement said that oil companies—no names were mentioned—had sought price cuts when the new prices became operational, but these had been refused.

Observers interpreted this as an indication of tough negotiations over discounts which for the moment at least NIOC is clearly determined not to give.

The Press has been careful so far to publicise Iran's insistence on adopting the price increase of \$1.19 per barrel for Light Sweet crude, reflecting a drop in full 10 per cent, decided upon through equity stakes and participation deals.

None of this is from Shell and Esso. Editorial comment Page 16

State airline cuts £30 off holidays

BY ARTHUR SANDLES

BRITISH AIRWAYS is cutting up to £30 off the price of thousands of spring and early summer holidays in an effort to revive the floundering holiday market.

The move is expected to provoke a wave of price cuts in the industry. In addition to lower prices, the airline, which markets its tours under the Sovereign, Enterprise, and Cambrlan labels, is starting its brochure tariffs for European and North African holidays for the whole of the summer season.

The move comes only 24 hours after British's second largest airline, British Caledonian, said it too was guaranteeing prices and that there would be no surcharges for the summer of 1977.

It is offering an early booking discount of 15 per cent on selected departures. Immediately after Christmas the main company in the industry, Thomson, froze prices and started television and newspaper advertising campaigns in an attempt to win bookings which have been sadly lacking recently.

Horizon and Laker also froze prices, following a trend set by Olympic and Cosmos earlier in the booking season. There is now serious alarm in the travel industry about bookings. Some operators and travel agents are taking about a drop of 40 per cent. In the number of reservations, although most will only add to a drop of between 20-25 per cent in their own operations.

Price cuts had been expected, but British Airways moved much earlier than was thought. The British Airways price reductions will be offered from January 10 to March 31. Holiday during April, May and June in

Spain, Majorca, Ibiza, the Canary Islands, Portugal, Italy, Greece, Malta, Morocco, Yugoslavia, Kenya, and Mauritius are affected.

A two-week stay at the Reef Hotel in Mombasa, for example, is cut from £350 to £230; one week in Tenerife reduced from £145 to £135; two weeks in Majorca from £122 to £107; and a week in Rimini from £96 to £88.

Recognised

The Government's new concept and an assurance that companies would be no financially worse off as a result of participation meant the interests of Shell's staff and shareholders had been fully protected.

Mr. Peter Boveodell, chairman of Shell U.K. and a managing director of the parent Royal Dutch/Shell Group, said the company recognised the need for more information in the exchange between oil companies and governments.

The public relations aspect of participation was one of the most cogent reasons for accepting the deal in principle.

In a message to chairman of Esso Petroleum, which employs 10,700, said the agreement formed the basis of an arrangement which would be workable and protect the group's interests in the U.K.

Shell and Esso are operators for the Brent Field—the biggest in the North Sea with 2m. barrels of recoverable oil reserves—as well as the Auk, Cormorant and Dunlin fields. They are evaluating the likely development of the North Cormorant and Tern fields.

By 1982 they should be producing 30m. tons of oil a year. This would be nearly a third of national consumption. But even that would be insufficient to meet all their U.K. refinery needs.

Miners and Coal Board near retirement deal

BY ROY ROGERS, LABOUR CORRESPONDENT

MINERS LEADERS and the National Coal Board look set to reach an agreement on early retirement for Britain's 240,000 miners.

Mr. Joe Gormley, president of the National Union of Mine Workers, made it clear when he said yesterday that he expected the Government to finance any eventual deal.

Yesterday's talks opened with Sir Derek Ezra, the NCB chairman, warning that Mr. Anthony Wedgwood Benn, the Energy Secretary, had told him that no Government finance would be available.

When talks adjourned four hours later, Mr. Gormley commented: "We don't take that as the Government's last word," and intimated that there would be a joint approach to Government once details had been thrashed out with the NCB.

He was optimistic about today's talks, and said he hoped that the union's executive would be in a position to recommend acceptance of revised proposals.

Both sides, he said, had moved away from their original positions, and "quite good strides" had been made towards settlement.

City inquiry has 18 members

BY MICHAEL LAFFERTY

THE LONG-AWAITED announcement yesterday of the membership of the committee of inquiry, chaired by Sir Harold Wilson, to review the functioning of financial institutions has disclosed a committee far larger than expected, with 18 members.

The Radcliffe Committee, which reported on the monetary and credit system in 1959, had only nine members.

Setting up of the committee was announced by Mr. Callaghan, the Prime Minister, in October, faced as he was by demands from Left-wingers at the Labour Party conference for nationalisation of the bank and other City institutions.

Trade unionists, industrialists and bankers figure prominently in the committee, but some surprise was expressed last night about the absence of any representative from the Stock Exchange, Lloyds, merchant banking and commodity broking.

Apart from that the matter brought few surprises. The general reaction from City institutions was relief that such a broad-based committee had been picked.

The trade union representation includes Lord Allen, chairman of the TUC economic committee, and Mr. Len Murray, TUC general secretary. Mr. Clive Jenkins, the ASTMS "white-collar" union general secretary, and Mr. Leif Mills, general secretary of the bank employees' union.

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Days of festivities in South America... South America. Where festivals and carnivals are part of the way of life. Where the ancient Inca cities like Machu Picchu contrast vividly with modern cities like Rio de Janeiro.

AIR FRANCE... 1-6 New Bond Street, London W1. Reservations 01-206 9711. Ticket Office and Passenger Sales Dept. 01-206 9711.

IEA's 20 year success story

BY SAMUEL BRITTAN

IF ONE is to hazard a guess about which organisation has had the greatest influence on public economic understanding...

But they certainly were when they began in 1957. There is a superficial paradox in this. For when they started, collectivism had not gone very far...

A stimulus The IEA's work has centred on markets as a way of co-ordinating individual decisions...

Sir F. Figgures leaves Central Wagon Company

Sir Frank Figgures has resigned as chairman and from the Board of CENTRAL WAGON COMPANY...

Mr. Maurice Elderfield has been appointed a director of THE THROGMORTON TRUST...

PRICE WATERHOUSE AND CO. has announced the appointment of Mr. R. N. Chaswell as executive director...

Mr. J. J. Lynch has been appointed group personnel director of GEORGE KENT GROUP...

Mr. K. M. D. Mills has retired from the Board of DOULTON AND CO.

WILLIS FABER AND DUMAS has announced the appointments of Mr. E. G. Fisher, Mr. R. E. Carter, Mr. M. G. Churchhill...

Mr. Norman E. Wakefield is to become managing director and chairman of J. LOVELL (HOLDINGS) in April...

Mr. R. F. Benson has resigned as chairman and managing director of the PENDLE INSURANCE COMPANY...

Mr. Herbert Morley has been appointed chairman of Bridon Wire in succession to Mr. J. E. Barnwell...

Mr. Gerald E. A. Perutz, managing director of Bell and Howell, has been appointed executive vice-president of BELL AND HOWELL COMPANY...

Dr. Dieter Spethmann has been appointed a member of the Board of directors of the Thyssen-Rhein Stahl steel group.

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Dickinson Robinson changes

Dickinson Robinson Group, Mr. J. S. Caplan, managing director, becomes deputy chairman and managing director...

Mr. P. W. Walsh has been appointed managing director of WRAGBY PLASTICS...

Mr. T. J. Thomas has been appointed director, consumer group, DUNLOP...

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RACING BY DOMINIC WIGAN Veteran Sixer in top trim

DESPITE THE loss of today's Doncaster programme some racing should be possible in England this afternoon...

Looking ahead to the weekend, both Ladbrokes and Hills bet 5-1 Banlieu and Zela's Son for the Anthony Midway-Peter Cazalet Memorial Chase...

Happy Ranger will be trying to concede between 3 lbs and 25 lbs to his 13 opponents.

The remarkable 13-year-old, a winner four times here already (once over this distance) is in fine fettle...

There is an equally open market on the North's feature race, the Tote Northern Chase at Haydock...

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TV/Radio

3.40 a.m. The Wombles. 8.45 Daktari. 10.25 Country Search. The Prince Philip Cup. 12.35 p.m. On the Move. 12.45 News. Weather. 1.00 Pebble Mill. 1.45 Mr. Benn. 2.35 Regional News. 3.55 Play School. 4.20 Astronaut. 4.25 Jackanory. 4.40 Blue Peter. 5.05 John Craven's Newsworld. 5.15 Screen Test. 5.35 Magic Roundabout.

11.00 a.m. Play School. 6.30 p.m. Christmas Lectures: History of a Sunbeam. 7.10 Newsday. 7.45 Books: Dennis Wheatley at 80. 8.25 MVA'SPH. 9.00 Klig Vidor: Men Who Made the Mistak. 11.00 Cinema: 'The Crowd,' starring Eleanor Boardman. James Murray. 11.30 Late News. Weather. 11.40 Close-up: 'Glover' reads Newbold's 'Master and Man.'

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HOME CONTRACTS Vickers win nuclear work

VICKERS NUCLEAR ENGINEERING DIVISION, Swindon, has been awarded a contract worth over £240,000 from British Nuclear Fuels...

LESTER AND CO. (CONTRACTORS), Sydenham, S.E.26, part of the John Willmott Group, has won a contract worth a total of about £300,000...

CHARCON PRODUCTS, Derby, has been awarded a £73,000 order to supply drainage units for the Sandy Gate service area...

CARTER COOLING TOWERS, Birmingham, has won a £60,000 order from British Leyland Bus and Truck Division...

ANGLIA, 11.00 When I Click My Fingers. 12.20 What the Papers Say. 12.30 The News. 1.00 The World in a Minute. 1.10 News from Prayer. 1.15 All ITV Regions as London except at the following times:

1.15 a.m. The Red and the Blue. 9.25 a.m. The News. 10.00 a.m. The World in a Minute. 10.10 a.m. News from Prayer. 10.15 a.m. All ITV Regions as London except at the following times:

10.25 a.m. The News. 10.35 a.m. The World in a Minute. 10.45 a.m. News from Prayer. 10.50 a.m. All ITV Regions as London except at the following times:

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ENTERTAINMENT GUIDE

OPERA & BALLET. ENGLISH NATIONAL OPERA. 7.30 p.m. The Barber of Seville. 8.00 p.m. The Barber of Seville. 8.30 p.m. The Barber of Seville.

THEATRES. SAVOY. 8.00 p.m. The Barber of Seville. 8.30 p.m. The Barber of Seville. 9.00 p.m. The Barber of Seville.

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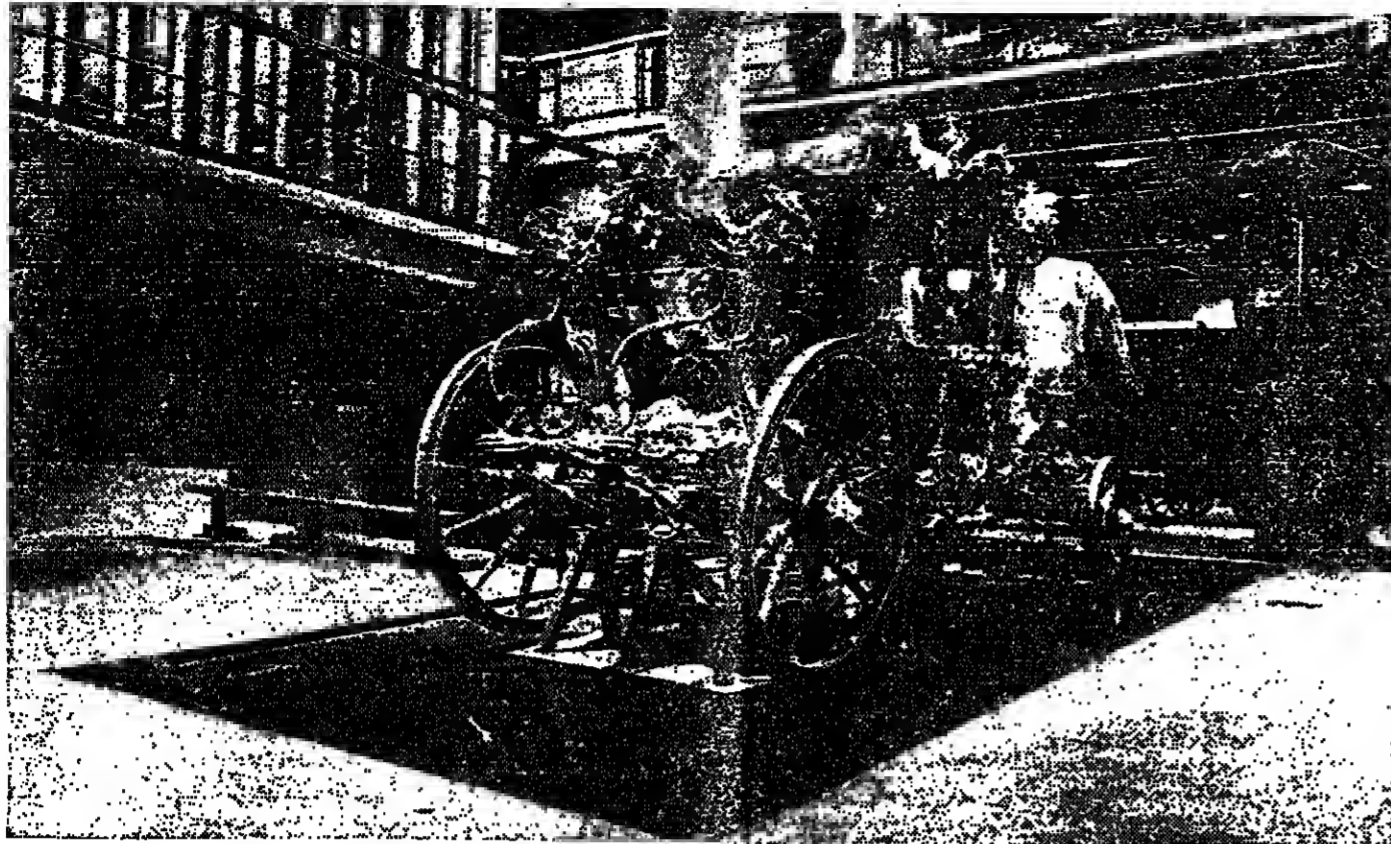
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Continued on page 12

New Museum of London

by H. A. N. BROCKMAN



The Lord Mayor's coach, on view at the Museum of London, London Wall

The new Museum of London is a remarkable achievement both as a building and as an historical exhibition. It was designed by the architects Powell and Moya and built by G. E. Wallis and Sons on one of the most awkward sites that could have been imagined. It includes a traffic roundabout at the western end of London Wall, the circular form having been elevated to the City's footbridge level as a sort of Roman bastion. The footbridge leads on to a gallery which skirts round the inside of the perimeter, overlooking the grass and planting, creating an enclosed foreground in the centre of the roundabout. The gallery leads on the brick paved area and entry to the museum buildings which span the roundabout roadway at footbridge level and wrap themselves around the livery hall of the Ironmonger's Company; one of the few buildings in this area to have survived the blitz. Above the main exhibition area is an office tower of for this part of the City, a modest 14 storeys.

From the exterior, the whole group presents interesting and irregular massing with fine bold lettering announcing its purpose. But it is the ingenuity and orderliness of the complicated interior planning which the visitor will most appreciate. The exhibits are on two floors with the entry at the upper level. Everywhere, low key lighting, fine wall and floor finishes, together with clever splitting up of floor spaces and alteration in levels, maintain the interest and contribute to enjoyment. The exhibition was arranged by Higgins Ney and Partners

and is designed to show the development of London from prehistoric times to the present. To do this brilliantly achieves helped by the splendid architectural setting. The prehistoric section leads on to Roman London, with its amazing relics of the period. A portion of the outside wall of the Romano room is pushed outward like a sun-bilobed with an upward sloping window at its base allowing the visitor to see one bastion of the Romano wall in its original position, thus bringing it into the exhibition itself. Later periods up to Tudor and early Stuart complete this level from where there is a vaulted ramp which hanks the courtyard garden and leads down to the lower floor; all parts are accessible for wheel-chairs. This floor, in addition to all later centuries up to the present

day has as its main feature a brilliantly devised setting for the Lord Mayor's coach, distantly visible from a number of points on both floors, as an enticement. The lighting here is bright, bringing to life the gold enrichments of this magnificent vehicle. It stands in a pool of water which as well as keeping the delicate woodwork from drying out, mirrors the underside and at the same time prevents people from touching it. As it is still used on State occasions, all work on its maintenance, including harness which is also exhibited, will be carried out in full view of the public. This particular setting and arrangement was designed by the architects of the building, Powell and Moya. The new Museum of London is a great achievement in all its aspects.

Wigmore Hall

New London Consort

by NICHOLAS KENYON

The title of the New London Consort's collection of sacred and secular mediaeval music promised much: The Feast of Fools. The sacrilegious high-jinks associated with this pseudo-festival, which occupied the first few days of the mediaeval year, have become legend, and it's hard to disentangle fact from fancy. The celebrations were certainly not wholeheartedly approved by the clergy, who made vain attempts to curtail them (not more than three buckets of water should be poured over the celebrant while he intones the Magnificat) but they did indicate a healthy interaction between the sacred and secular worlds. Disappointingly, it was this interaction rather than any literal representation of the parodies involved, which provided the inspiration for a solo concert. In the programme, Madeline Inglehearne reminded us of the importance of dance in the mediaeval church, and of the fact that the church was not only a holy place but also a village hall and theatre. But this general principle could not help to place all the concert's music in its context. For we were given a sophisticated and wide-ranging survey of the music spanning four centuries (1100-1500), with sacred and secular simply mixed rather than illuminatingly juxtaposed. The

profane only reared his head in the opening group of settings of the *Carmine Burano*—in fact the concert's title concealed a perfectly ordinary collection of mediaeval music. However, it was for the most part very well performed; the challenge of providing a representative selection of difficult church music with only two singers and seven instrumentalists cannot be understated. Yet the one-to-part accounts of such motets as Philippe de Vitry's triple-texted "Ave Maria" by Margaret Phillip, Paul Elliott, and a solo instrumentalist were concise and effective. I was less happy about the inclusion of pieces whose texture demanded larger forces, such as a ruffian Kyrie, and than any literal representation of the parodies involved, which provided the inspiration for a solo concert. Nevertheless, the whole consort created an impressive sonority in the English sequence "Mater Christi Nobilis". The difficult question of vocal sound was solved by compromise: both alto and tenor adopted a nasal forward tone which blended well but did not exclude expressive nuances. Some of the instrumental noises were more convincing than others—it was the quiet sound of the bowed instruments played by Nigel North and William Hunt which caught the attention in a group of

Estamples, rather than the skillful and noisy playing of the bagpipes and shawm by Philip Pickett. Except in the fiercely demanding *Hocquetus* of Machaut, which defeated them, the players showed a fine grasp of many different styles, and Philip Pickett directed throughout with restraint and precision. The variety of music presented became in the end rather tiring, as did the continuous formula of two pieces separated by a keyboard interlude, which persisted

throughout. It was certainly excessive to provide, after a second half of English music, three Spanish *Cantigas* from the collection of Alfonso el Sabio. But these proved to be the evening's most original fare, with new arrangements by Peter Hannan and Andrew Watts which exploited both the improvisatory and the Arabic elements in these songs. These could well form the basis of a future, more concentrated and less glibly lilted concert.

Moscow Theatre

Yury Trifonov

by ARIADNE NICOLAEFF

In Moscow theatres are packed; new Russian plays range from history to technology, from debate to the inner man. At the Taganka Theatre is *Exchange* by Yury Trifonov, who is a leading writer of the long short story, currently a very popular literary form in Russia. The exchange in question is a large flat for two small ones. This is done by trading in the keys when one of the parents dies and the son or daughter, living apart, undertakes to house the surviving parent. But in *Exchange* the son's wife detests her mother-in-law. The son, Dmitriev, only asks his widowed mother for her flat-key when she is obviously dying of cancer. It is then that she realises she is dying. The play starts with Dmitriev's question—how could he do this? Who was to blame? The answer lies in his exploration of his past, present and future. And as he relives his life and tells it to the audience, he changes before their eyes. Local criticism of this production by Yury Lyubimov, runs along the lines "concert-rectal". The audience is deeply involved in this long short story which lasts two hours without a break. I gather there were no real changes in the script. So how is it staged? Designed by D. Borovsky, the set starts in the stalls. From there an enormous fix-ture (singly casts its shadow on the stage. A child's brightly coloured ball is caught in its branches. The stage has a shallow apron. Running from left to right behind the apron there is a claustrophobic barricade of furniture things piled on top of each other as in a warehouse. Wedged into the

harricade there are chairs for the cast. In the large empty space behind a couple of baller dancers, or what can be seen of them, punctuate the action by dancing a pas-de-deux—an actual tango, in the background from left to right there is a straight line of blue, red, orange bulbs. From time to time they flash to wailing, thumping music and express panic. Parallel to this line of lights upstage, there is a laundry rope downstage of the barricade and cast for pinning up photographs, letters, papers, etc. Somehow the set is of a piece with the ungainly Dmitriev, played by A. Vitkin. He does not appear to act his torment; it appears to possess and change him. The actor has magnetism and all-embracing vitality. His seat is in the centre of the barricade; he is free to get up and pace up and down the apron stage. As he battles with his guilt, the cast respond to him as to a conductor; they join in, they argue and call out in anger or pain or hope; they die and they live. Their actions are superbly concentrated, precise and directed straight at the audience. There are three generations—grandfather, parents, aunts, grandsons, nephews and nieces, brothers and sisters. Lyubimov has cast them at the age 20; Trifonov remembers them only a little older than he is. For me Lyubimov's powerful production worked all the time in all its complexity. At the end I was faced with the paradox of a theatre and not the concert hall, Dmitriev's mind. I also had the illusion of a massive and subtle view of a whole society.

Purcell Room

PLG young artists

This year the Park Lane Quartet of 1947. The work promises the richest rewards of performance at the Purcell Room, music does without its featured composer of the series. Instead, Monday's opening concert was devoted to the music of William Walton, president of the Group and 75 this year. It was a good idea, the chamber music of Walton's songs are heard much less often than the big, popular pieces, and form an interesting, if not wholly nourishing programme. True to form, the series introduced us to a young musician of considerable potential, if sometimes imperfect present achievement. In the opening of *A Song for the Lord Mayor's Table* (1962), Maria Moll let her bright, vibrant soprano ring out with a flourish. Traces of eagerness and discomfort at the mouth well as doubt be worn away in the operatic milieu for which the voice is obviously destined; in a song cycle written for Schwarzkopf the attack seemed at times frontal, bold but not subtle. Without the much-needed dash of sophisticated wit in the words or long smoothness to the line, the songs sail alone, a fluent compilation of old Waltonisms newly employed. The early Three Sitwell Songs were likewise vigorously voiced; but the songs themselves better survive such treatment, and the accompaniment of Coates' *Spencer* was now much more assertive. The other half of the programme went to the instrumental Walton, the *Missa Sona* (1950), a lyrical, rambling, repetitive piece made more so by the timid though always accomplished playing of Beverly Davison and her pianist, Kathryn Stott; and the A minor String

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Bishopsgate Hall

Terence Judd

by DOMINIC GILL

The first lunchtime recital of the City Music Society's New Year season at Bishopsgate Hall was given on Tuesday by the 22-year-old first prize winner of the 1976 British Liszt Piano Competition, Terence Judd. The jury of that competition, an exceptional tribute, declared Judd to be "probably the most technically brilliant and talented pianist to emerge for many years." I had not heard him before (though Ronald Crichton praised warmly on this page a concerto appearance he made with the National Youth Orchestra as long ago as 1959). The competition jury had not exaggerated; on his showing at Bishopsgate Hall alone, Judd is clearly one of the most remarkable young musicians to appear in London for a very long time. In his programme of Chopin and Liszt, barely 45 minutes long, he generated more excitement than most pianists can hope to generate in an evening: an account of Chopin's B flat minor scherzo, hardly sensuous,

almost austere in line, but given with marvellous dramatic force, drawn to a tremendous focal climax, superbly controlled; an F sharp major Nocturne which achieved with the widest range of tone (though without the slightest concession to easy sentiment, big-fingering and real lyrical grandeur); a Liszt Hungarian Rhapsody No. 11 of quite extraordinary gaiety, brilliance and vigour and poetry, wonderfully sustained and in a breath-taking account especially of the *Tarantella*, polished with the fizz and dazzle (if not yet quite the electric supercharge) of a young Horowitz. We shall be hearing much more of Mr. Judd, and soon.

Record review

Voices

by RONALD CRICHTON

Gluck. Arias from *Armide*, *Iphigénie en Aulide*, *Iphigénie en Tauride*, *Aleste*, *La Rencontre imprévue*, *Paride ed Elena*, *Orfeo ed Euridice*. Baker, E.C.O., Leppard, Philips 8500 023, £3.50.

Nelle Melba — The London Recordings, 1904-1926. Five records in box. The HMV Treasury (limited Edition) RLS 719, £9.95.

Janet Baker's collection of arias by Gluck, with Leppard and the English Chamber Orchestra, is an event. The record contains eight excerpts, only a few of the well-known from the operas of so extraordinary a genius. Gluck is popular for a very few things, mostly from *Orfeo*. He is loaded with tributes, much milled over in books, but even in these days of widespread revival of his forgotten operas, largely neglected in the theatre. One reason is a shortage of the right kind of singer. Brilliance and agility are of little account with Gluck; he demands a grand combination of dramatic force, classical control and stamina—qualities almost as much moral as musical.

Dame Janet has not I think sung a major Gluck role to the opera house. She withdrew to everyone's regret, from rehearsal of the Scottish Opera *Aleste* on the grounds that the theatre was too high for her—the difficulty with Gluck's soprano parts and with those written for castratos but now usually given to mezzo, lies not in extreme high notes, but in Gluck's persistent habit of placing the climax of a musical phrase at the top of the stave where an register passes (with luck) into another. Just where many sopranos have difficulty and tend to unsteadily and sourly, Dame Janet's very experienced composer wanted a particularly expressive effect easier to obtain from singers than that now—and he wrote for opera houses more intimate than many where his works are performed to-day.

On this record, neither the high B flats in "Divinités du Styx" from *Orfeo*, nor cruel phrases like "moo lâche cour le suit" in the final monologue from *Armide*, cause the singer more effort than the high dramatic tension calls for. Her tone is full, vibrant with the passionate intensity she brings to comparable pages of Handel and Mozart. The effect would have been still nobler with more assured French declamation and a recording which didn't muffle both voice and orchestra (the ECO not always perfectly did feel on top of the listener—Gluck's orchestration is simple, but his invariably effective strokes of colour must be allowed to breathe).

The presentation is peculiar, with the *Armide* finale at the beginning, the two *Iphigénies*, *Aleste* and *Tauride* jumbled, "Cue for" from *Orfeo*, a safe, obvious ending. The *Orfeo* extracts are given in the Paris version but in Italian, with the "eu" in *Burdyle* firmly pronounced "eu" as in German. Texts and translations are provided, but the sleeve-note goes over the old Reform Opera ground yet again, without attempting to place the arias in their dramatic context—with such a singer to stoke the fires, or interpretation. Certainly one fascinating store of recordings from *La Rencontre imprévue* are welcome, and not only as light relief. Best of all are three superb arias for Paris from *Paride ed Elena*, an opera whose almost total neglect is excusable only because the leading roles are so demanding—dare one hope now for broadcasts or better still complete recordings of this and of the splendid *Armide*, with Dame Janet in the leading roles?

The "HMV Treasury" Melba album of five records (including a number of items previously unobtainable, often imperfect, but of interest and value now) covers the diva's complete London recordings, made over a period of 22 years, and the solitary survivor of a Paris session in 1908; her remaining records were made in the U.S. Although Melba's name is still in the stratosphere of her country household word, some readers may be a little hazy about her details. She was born in 1831 in Melbourne, Australia, as Helen Porter Mitchell, daughter of a Scottish immigrant. Her vocal formation was Italian (in Australia) and later Parisian (in the experienced, international hands of Mariilde Marchesi. She became a prima donna *Ambroise Thomas* and in many *assoluto*, the only one, perhaps, between *Fantini* and *Callas*. Though she travelled widely, Britain remained her true home in these islands her true home was the Royal Opera House—

Melba was the Covent Garden star *par excellence*. Musicians admire Melba more for her technique and superb vocal equipment than for style or interpretation. Certainly one fascinating store of recordings from *La Rencontre imprévue* are welcome, and not only as light relief. Best of all are three superb arias for Paris from *Paride ed Elena*, an opera whose almost total neglect is excusable only because the leading roles are so demanding—dare one hope now for broadcasts or better still complete recordings of this and of the splendid *Armide*, with Dame Janet in the leading roles?

The booklet includes excellent notes and documentation by Michael Aspinall and Bryan Crisp. In the photographs, Melba generally contrives to look like Lady Bracknell, future, present or past; yet the records don't betray that she was not limited as an actress as she imagined. Her accent in the various languages involved was often ghostly but her words were usually clear, sometimes expressive. One can't expect much acting with the voice under the conditions in which early studio recordings were made. But the evidence of the live records of her Covent Garden Farewell (June 1926), an understandably fraught occasion when the voice was especially heroic in the *Orfeo* except (temporarily unpunished) and unreliable in the familiar *Robine* scenes, shows another side. These HMV issues (the *Fantini* and *Tauride* albums are earlier examples) are available for what they touch not only about the history of singing but about human personality.

Book Reviews will appear to-morrow

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	GF018	2045		0615		0735	0825
THURS	GF012	1000	1920		2225		
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FRI	GF016	1000	1920		2225		
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EUROPEAN NEWS

Andreotti hopes to obtain new West German loan

BY DOMINICK J. COYLE

ROME, Jan. 5

AS CRUCIAL talks continued here tonight between the Government and senior trade union leaders in an effort to agree on a voluntary incomes policy, it became known through unofficial channels that Sig. Giulio Andreotti, the Prime Minister, is heading to secure new and substantial loan support from West Germany when he visits Bonn later this month. Italian Government sources would make no comment, but it is understood that the Prime Minister expects a positive response from Chancellor Helmut Schmidt to a request for additional facilities, over and above an extension of the present \$2bn. Bundesbank loan arrangement to Italy. The loan, which is secured with an Italian gold-backed collateral of almost 17m. ounces, is due to expire in two weeks after Sig. Andreotti's visit to Bonn, scheduled for January 17-18. It was last renewed for a further six months period early in September with a coupon equivalent to the rate on six-month U.S. Treasury Bonds. The Andreotti Government, however, wants to negotiate a new medium-term facility in order to bolster the reserves, in part as a defence against any further speculative pressure on the lira in the spring when, on the basis of present plans, the main artificial constraint on the foreign exchange market are under. These include both the special surcharge on exchange payments and the import deposit scheme which is currently being phased out and should be abolished totally by the middle of April. The Bonn Government, according to qualified sources here, is likely to be sympathetic to any new Italian loan request, but only if the Andreotti administration can put through "realistic measures" aimed at closing gradually the present Treasury deficit and laying the basis over the next few months for securing some degree of export-led growth. According to West German sources (and it is a view shared equally by the International Monetary Fund (IMF), from which Italy is hoping to conclude negotiations for a \$500m. standby

Belgian bank rate cut to aid economy

By David Buchan

BRUSSELS, Jan. 5

THE BELGIAN National Bank today slashed interest rates in an effort to improve the country's economic performance. No longer worried about the stability of the Belgian franc (which it had defended in the Snake monetary crisis last year by raising interest rates), the Bank has lowered its discount rate from 8 to 5 per cent., and its rate on ordinary current account advances to banks from 10 to 8 per cent. The latter was as high as 12.5 per cent. only three months ago. Since its successful defence of the Belgian franc last autumn, when revaluation of the West German mark threatened to sever the Snake, the Bank has been buying a great deal of foreign currency. In addition to paying back the 28bn. Belgian francs it owed to FECON, the fund through which support for the Snake is organised, the Bank has increased its foreign reserves from the equivalent of 64.1bn. Belgian francs at the end of September to 88.9bn. this week. But the recent decline in business activity is worrying the Government. Its official forecast for this year is a 1.7 per cent. rise in real GNP, compared to 2.8 per cent. last year. The country's main opposition parties decided last night that this would be one of their prime aims in the weeks ahead, as did virtually all the city councils in the northern Basque provinces who are to hold an unprecedented meeting to discuss the issue on January 16. The Cabinet is understood to have prepared plans for an amnesty for the first part of the year since King Juan Carlos became Head of State - but is reluctant to act. While Sr. Antonio Oriol, President of the Council of State, is still held by his kidnappers, Sr. Carrillo, has not insisted that one of its members should take part in the talks with the Government. The decision by the Basque city councils to hold a summit meeting represents an even more immediate challenge to the Government, coming so soon they require full democratic elections. A four-man team has been named for the first part of the talks which they hope will deal with political amnesty and the legalisation of all parties. Further talks will later be designated for negotiations on a number of specific issues including the key question of status as Spanish and for the restoration of the special secretary-general, Sr. Santiago

U.K. may seek more EEC summits

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Jan. 5

THE BRITISH Government in its role as president of the EEC Council of Ministers, is considering proposing an increase of from three to four a year in the number of meetings of the European Council - the summit of the nine heads of government. The scheme is the first proposal of the member governments to be organised at the suggestion of Mr. Valéry Giscard d'Estaing, the French President, during Franco's EEC presidency in Luxembourg. But the French President has since become so dissatisfied with the way in which they have been organised that he announced next Wednesday by Mr. Anthony Crosland, the British Foreign Secretary, when he addresses the European Parliament in Luxembourg. But it is thought unlikely that he will say anything specific about proposals for reform of the European Council or, indeed, to go into detail about other issues facing the Community over the next six months. Instead, Mr. Crosland is expected to adopt a somewhat philosophical tone, emphasising that at this point in the Community's development it is important to take a pragmatic attitude and not to set hard and fast deadlines for decisions either in the short-term or in the longer-run which may not be met. He is expected to argue that it is unrealistic to look forward to any major moves towards political union within the foreseeable future, and that for the moment the Community should concentrate on making progress in areas of more practical concern, where the chances of reaching agreement appear more promising. The new EEC Commission, under the presidency of Mr. Roy Jenkins, is due to hold its first meeting in Brussels today. Its major task will be to agree on portfolio responsibilities, writes Guy de Jonquieres. Deft mediation by Mr. Jenkins will be required if the new Commission is not to start in an atmosphere of disappointment and difficult personal relations. He may well find it easier to encourage a decision if he proposes changes in the composition of the portfolios themselves. In the Foreign Office view, the European Council could do a more useful job if its meetings were divided into two distinct categories: a forum for an informal exchange of views between heads of government on a wide range of issues, not necessarily related to the EEC, and the supreme institution for taking decisions on Community affairs. As currently envisaged, each kind of meeting would be held twice a year, spaced so that each

Russian dissident leader seized

BY DAVID SATTER

MOSCOW, Jan. 5

DR. YURI ORLOV, the leader of the Soviet dissident group set up to monitor Soviet observance of the Helsinki Accord, was arrested in the street today by five plain clothes men shortly before he was to tell a Press conference about police searches yesterday of five Moscow flats including his own. The detention is somewhat ominous because it follows the charge by the official Soviet news agency, Tass, that Dr. Orlov and Helsinki group members Alexander Ginzburg and Lyudmila Alexeyeva are linked with the Paris-based, Russian emigre run People's Labour Alliance which Tass said is directed by Western intelligence agencies. The allegation was made while at least two of the five Moscow house searches were still going on and Tass claimed in a report on the searches on Tuesday that evidence had been found that Dr. Orlov, Mr. Ginzburg and Miss Alexeyeva were connected with the People's Labour Alliance. Police also searched the apartment of Lidia Vorozina, a young Moscowite who recently visited the Soviet Far East at the request of the Helsinki group to investigate alleged persecution of Pentecostals. Western periodicals, typewriters and documents on alleged human rights violations in the Soviet Union were confiscated, dissident sources said. Dissidents fear that Dr. Orlov's intention and the house searches signal the beginning of an official effort against the Helsinki group. The Soviet authorities had been at pains to prevent dissident groups from functioning publicly since the election of President Jimmy Carter.

Norway hits coal snag

By Fay Gjerde

OSLO, Jan. 5

AN AMBITIOUS Norwegian plan to re-open the long-abandoned Svee coal mine on the Arctic island of Spitzbergen, where Norway has sovereignty, has run into a serious snag. Coal in the mine has been found to contain too much phosphorus to permit its use by Norway's metallurgical industry, which had been earmarked as a major customer. It can probably be sold to other markets for other purposes - as power station fuel, for instance. But the new facts will force reconsideration of the project and may delay its realisation by up to a year, according to the Minister for industry, Mr. B. Gjerde. The analyst's report was presented to the Minister last week.

Soviet prices increased

BY OUR OWN CORRESPONDENT

MOSCOW, Jan. 5

THE SOVIET Union has announced that air fares, taxi fares, and fares for sea and river transport, will be raised during 1977 as part of a set of the most significant Soviet price increases in many years. The U.S.S.R. has long prided itself on its immunity to inflation. The price increases, which were announced by the Soviet news agency Tass yesterday, were presented as part of an overall package which included increases and reductions. However, the price increases, which so far have not been further explained, affect the kind of basic services whose costs in the past have always been stable. The reductions - between 5 and 25 per cent. for varieties of knitted wear, stockings, women's shoes, underwear, and domestic electrical appliances, which are not in great demand and are normally reduced in price to clear stocks. Diplomats here said the price increases were probably motivated by the rising costs of oil and indirectly by strain resulting from the Government's action last year in spending 19bn. rubles to subsidise the sale of meat and milk products at stable retail prices.

New pressure for Spain amnesty

BY ROGER MATTHEWS

MADRID, Jan. 5

HEAVY PRESSURE is again mounting on the Spanish Government to concede a full political amnesty for the estimated 170 prisoners still held. The country's main opposition parties decided last night that this would be one of their prime aims in the weeks ahead, as did virtually all the city councils in the northern Basque provinces who are to hold an unprecedented meeting to discuss the issue on January 16. The Cabinet is understood to have prepared plans for an amnesty for the first part of the year since King Juan Carlos became Head of State - but is reluctant to act. While Sr. Antonio Oriol, President of the Council of State, is still held by his kidnappers, Sr. Carrillo, has not insisted that one of its members should take part in the talks with the Government. The decision by the Basque city councils to hold a summit meeting represents an even more immediate challenge to the Government, coming so soon they require full democratic elections. A four-man team has been named for the first part of the talks which they hope will deal with political amnesty and the legalisation of all parties. Further talks will later be designated for negotiations on a number of specific issues including the key question of status as Spanish and for the restoration of the special secretary-general, Sr. Santiago

Irish wage agreement close

BY GILES MERRITT

DUBLIN, Jan. 5

IRISH EMPLOYERS and trade union leaders are reportedly close to clinching a 1977 national wage deal with an inbuilt pay pause of several months. Finalisation of the pay pact, which, like its "interim" 1976 predecessor, has been marked by profound disagreement between the two sides, had not been anticipated until after this year's budget, now expected in the first week of February. The two main obstacles are the length of a voluntary pay pause, with the former insisting on six months until June, 1977, and the latter three months; while the extent of pay awards coming into effect thereafter is also the subject of tough negotiation. In addition to the 550m. package of income tax cuts - worth a likely 4 per cent. in increased take-home pay - which the Government has offered to include in the 1977 budget in return for wage restraint, the unions are believed to be holding out for rises that would average 9 per cent. The employers' current offer is understood to be 4 per cent.

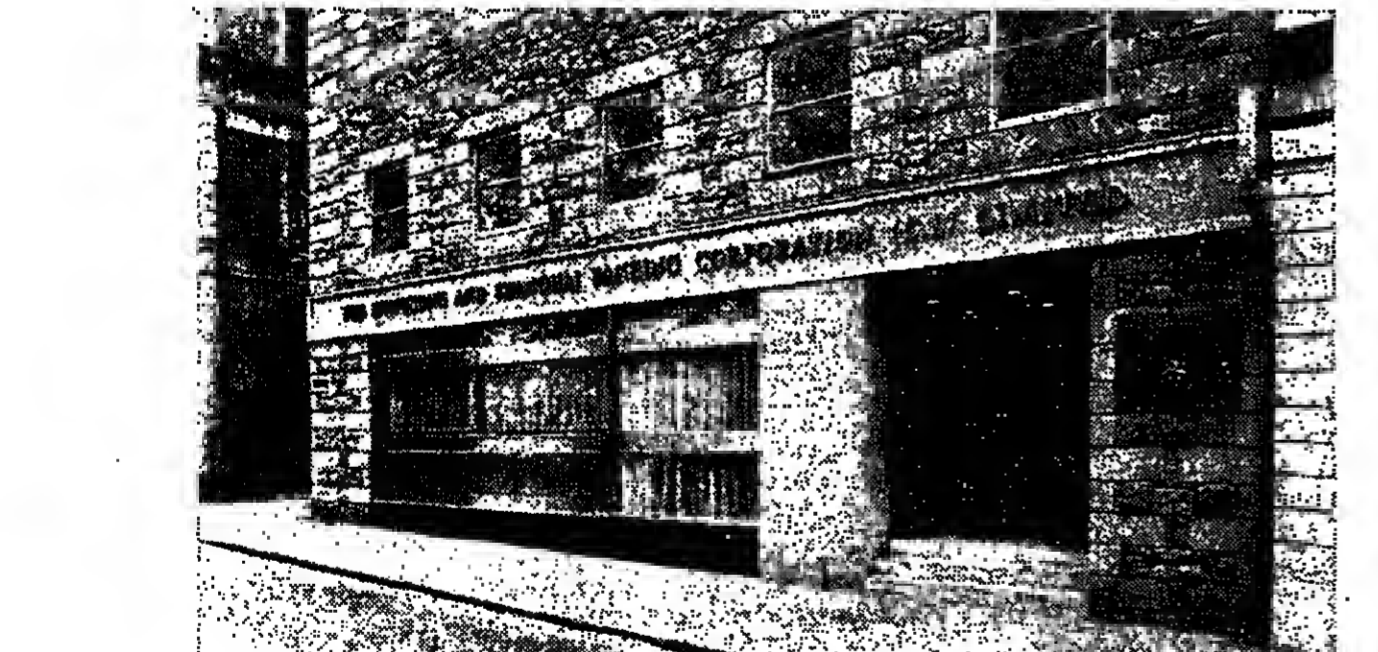
German unemployment tops 1m.

BY ADRIAN DICKS

BONN, Jan. 5

UNEMPLOYMENT in West Germany once again rose above 1m. in December, mainly as a result of exceptionally hard winter weather, the Federal Labour Office reported today. The number of jobless rose by 105,200 to a new level of 1,08m. between November and December, bringing the unemployment rate up sharply from 4.5 per cent. to 4.8 per cent. Both the absolute number of unemployed and the percentage rate were above the average for 1976 as a whole. There was also a 27 per cent. increase in registered short-time working in December to 213,800, though this was well above the average for the third quarter which, at 173,800, was considerably below the same figure a year earlier. Herr Josef Stügel, head of the Labour Office, said that because of harder weather than usual in December, the increase in unemployment was not unexpected. He said that 4.3m. working days, or 30 per cent. more than in December 1974 or December 1975, had been lost last month, mainly in the building trade and in other outdoor jobs. After discounting these seasonal effects, Herr Stügel said there had been a slight improvement in the overall economic outlook last month, though he admitted there had not yet been any breakthrough to "an intrinsic improvement in the economy". The average unemployment level of 900,000 for this year forecast by the "five wise men" in November, which was dismissed as excessively pessimistic by official spokesmen at the time, now appears closer to some Ministers' thinking than the 700,000-800,000 average suggested by the Economic Institutes' joint report in October. Last year's average was 1,000m. In a further step towards the "structural measures" to help the labour market on which it is basing its main hopes for improvement, the Ministry of Labour announced that several additional categories of unemployed people will now be eligible for officially-sponsored vocational training programmes. They include young people who have dropped out of previous apprenticeship schemes, refugees, ex-prisoners, and people already trained but for whom the Labour Office has been unable to find a job by their new skill.

The Hongkong and Shanghai Banking Corporation has opened a new branch in the Channel Islands



With Jersey growing more and more as an international financial centre, we have expanded our operations in the Channel Islands by opening another branch in St Helier. While accepting deposits and granting loans in both local and foreign currencies, it will serve as another direct link with over 400 offices of The Hongkong Bank Group throughout the world. Address: 3 Mulcaster Street, St Helier, Jersey. Tel: 35361. The Hongkong and Shanghai Banking Corporation (CI) Limited, located at the same address, continues to offer a full banking service. Audited accounts are available from Jersey upon request. THE HONGKONG BANK GROUP Serving Asia and the world. LONDON OFFICES: 99 Bishopsgate, London EC2P 2LA, and 123 Pall Mall, London SW1Y 5EA. Office in Manchester. Also in Australia, Bahrain, Brazil, Brunei, Canada, People's Republic of China, Djibouti, France, Germany, Guam, India, Indonesia, Japan, Jordan, Lebanon, Macau, Malaysia, Mauritius, New Hebrides, Oman, Philippines, Qatar, Saudi Arabia, Singapore, Solomon Islands, South Korea, Sri Lanka, Switzerland, Thailand, United Arab Emirates, United States and Yemen Arab Republic. GROUP HEAD OFFICE: 1 Queen's Road Central, Hong Kong.

Advertisement for POGO (Pennzoil Offshore Gas Operators, Inc.) featuring a logo and text: "This announcement appears as a matter of record only. POGO (Pennzoil Offshore Gas Operators, Inc.) US \$200,000,000 Production Payment Financing Arranged by CHEMICAL BANK Funds Provided by CHEMICAL BANK Citibank, N.A. • Bank of America N.T. & S.A. Manufacturers Hanover Trust Company • Mellon Bank N.A. • Marine Midland Bank National Bank of Detroit • Security Pacific National Bank • Wells Fargo Bank, N.A. Bank of the Southwest, N.A. • First City National Bank of Houston The Cleveland Trust Company • The Northern Trust Company Texas Commerce Bank N.A. • First National Bank of Boston The First National Bank of Chicago • First National Bank of Fort Worth European-American Bank & Trust Company • Capital National Bank November 23, 1976"

Handwritten Arabic text at the bottom of the page: "صكنا من الاجل"

NEW YORK MAGAZINE GROUP TAKEOVER BATTLE

Murdoch moves closer to victory

BY STEWART FLEMING

WITH HIS election to the Board of New York Magazine, Rupert Murdoch is seen to have taken an important step towards regaining control of the company...

In New York magazine owned by Mr. Carter Burden, to Mr. Murdoch, a wealthy New York socialite, acquired his interest in the magazine group when it bought the Village Voice...

Pinochet reasserts claims in Antarctic

By Robert Lindley

CHILE'S President Augusto Pinochet set off today on a ten-day trip, the principal aim of which is to reassert Chile's claim to about half of the Antarctic...

Becoming America's 51st state, as Mr. Ford suggests, may be an undesirable dream for Puerto Rico. Gordon Weil describes its...

Deep confidence crisis

WHILE the U.S. was voting a Democrat in President, the Commonwealth of Puerto Rico was tossing the Democrats out, replacing them with a Republican leadership...

Republican NYSE lifts foreign member ban

BY JAY PALMER

AN ERA of the 185-year-old New York Stock Exchange will end tomorrow when the Big Board, America's largest and most important securities market, will finally start moves designed to amend its constitution...

Irish wage agreement close

By Jack Martin

THE BIG four of the Republican Party—President Ford, Vice President Nelson Rockefeller, Mr. Ronald Reagan and Mr. John Connally—met today in a second attempt to prevent the minority party...

Proposed settlement in Equity Funding cases

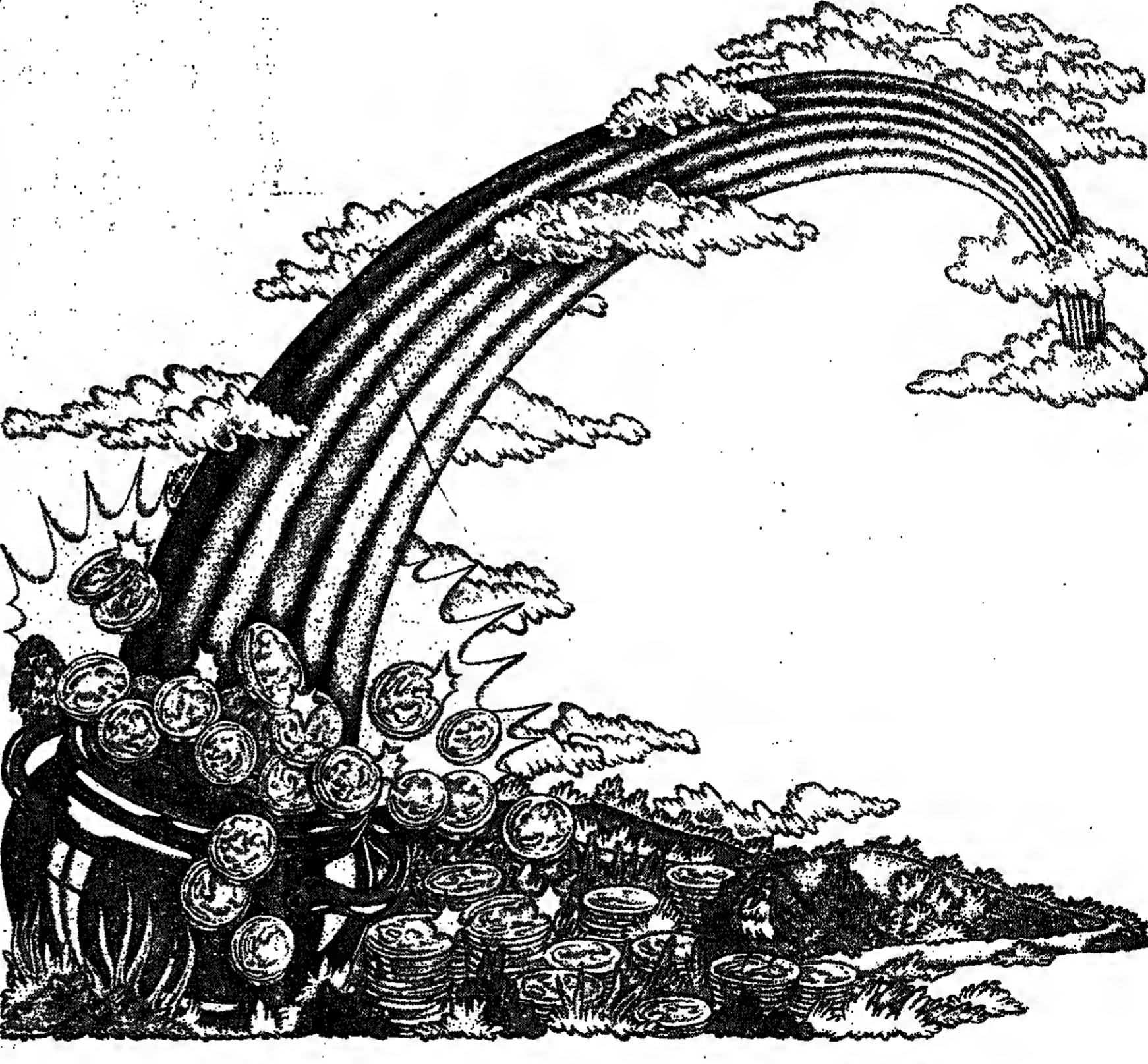
BY OUR OWN CORRESPONDENT

AUDITORS charged in civil suits with failing to uncover widespread fraud which led to the collapse of Equity Funding Corporation in 1973 are considering a proposed settlement...

OPEC aid rise likely

CARACAS, Jan. 5.

THE \$800M OPEC fund, designed to help oil-poor developing states cope with high oil prices, will be increased by \$100 million...



Bank Stock Quarterly. Published by M. A. SCHAPIRO & CO., INC. Underwriters, Brokers & Dealers in Bank Securities. One Chase Manhattan Plaza, New York, N.Y. 10005.

Whether or not your firm finds new profits depends where you look. In today's economic conditions, the pressure is on industry to invest - to ensure productivity and provide employment. But, tough competition and price restraint mean that the profits to fund such investment must be found in the areas of greater efficiency and trimmed costs.

Mozambique likely to give Richard tough reception

By Quentin Peel

MR. IVOR RICHARD, chairman of the Geneva conference of the Rhodesia, left Botswana today for Mozambique, where he is likely to get the toughest reception so far from a front-line African state on his diplomatic debut.

Mr. Richard left Gaborone, the capital of Botswana, the day after his "sympathetic understanding" of Sir Seretse Khama, the President, for his idea of a British balancing role in a transitional Rhodesian administration.

But in a broadcast on Radio Maputo last night, the Mozambique People's Army (Z.M.P.A.) announced five demands it will be putting to Britain.

The Guarilla Organisation, which has an official programme on the Mozambique radio station, called on Britain to stop treating Mr. Ian Smith, the Rhodesian Prime Minister, as a respectable politician and to stop manoeuvring to set up a "puppet Government in Zimbabwe."

It demanded an end to the alleged supply of British mercenaries and armaments to Rhodesia, including those through South Africa and said

Railway line

After a two-hour meeting today with Sir Seretse, Mr. Richard said the President considered Britain's proposal to provide a resident commissioner to chair an interim Council of Ministers as "an idea worth pursuing."

On his arrival in Botswana, the British envoy declared that he considered his talks there very important to a Rhodesian solution. Of the five so-called front-line African states with Rhodesia, which include Tanzania, Mozambique, Zambia and Angola, Mozambique is the weakest link,

Returning financiers charged in Australia

By James Forth

SYDNEY, Jan. 5. SELF-EXILED financiers Mr. Alexander Barton and his son Thomas dramatically returned to Australia today. They face company fraud charges involving several million Australian dollars, after spending the past two years resisting attempts by the Australian Government to extradite them from Paraguay.

The Bartons arrived at Sydney Airport early today on a flight from Zurich, after leaving Gaborone on December 17. They were met by their legal representatives and by Commonwealth and state police. Later they appeared in court to face fraud and conspiracy charges involving \$A.5m. The court was told that further charges involving \$A.2m would be made.

The Bartons left Australia in 1973, about the time that the New South Wales Corporate Affairs Commission began an inquiry into the collapse of a group of companies with which they had been associated.

In 1974 the Australian Government learned that the Bartons were in Brazil, and instituted extradition proceedings. The Bartons moved to the Argentine, and several further attempts at extradition were unsuccessful.

The court was told that the Bartons had returned to clear their names. "I'm going to tell the world," Mr. Alexander Barton declared at the airport.

The court was told that the Bartons left Australia after a death threat by a former business associate. It was also stated that Sydney Queen's Counsel, Mr. L. G. Gruzman, advised them to leave. The Crown Prosecutor, Mr. R. M. Daley, said that airline tickets for Noumea, New Caledonia, were found in their luggage, which suggested they might again leave Australia.

Daley said that evidence would be called to show that \$A.5m. were sent, unlawfully, from Australia to the companies which belonged to one of the companies in the Barton group and was not returned.

Hua orders army to run Chengchow railway

By COLINA MacDOUGALL

CHAIRMAN HUA KUO-FENG has transferred senior army officers of the military's railway and engineering corps to Chengchow, provincial capital of Hunan, in take over the running of the railways there, a Chinese radio broadcast has stated.

Chengchow, 300 miles south of Peking, is a large industrial centre which stands at the crucial junction of China's main north-south and east-west railway lines.

While this does not necessarily indicate fresh problems for the Chinese leadership, it is a further sign of the scale of the difficulties the country has faced in the past few months. It is also an indication of Chairman Hua's determination to restore economic production, damaged by both the disastrous earthquake in July at Tangshan and the political upheaval of the past year.

In addition, the move underlines the close alliance between Hua and the army command. Troops have so far been used to quell disturbances in the coastal province of Fukien and in the town of Paoing, south of Peking in Hopei province.

Chengchow has already seen considerable trouble this year. One Government official was killed in rioting in the city on the same day as last April's disturbances in Peking.

According to a November broadcast, the "Gang of Four" Chairman Mao's widow Chiang Ching and her three associates — "stretched their

China prepares for provincial purge

By a SPECIAL CORRESPONDENT

THREE MONTHS ago unofficial reports gleaned from wall posters of a bank robbery in the Chinese city of Chengchow seemed hardly credible.

Today the official mouthpiece of the Chinese Communist Party, the People's Daily, reports with unprecedented frankness details of criminal activities extending from the border province of Sinkiang to Cheung Kong in the east coast. Crimes specified include graft, black marketeering, profiteering, theft and corruption in Cheung Kong.

The flow of reports of major disturbances throughout the country has built up dramatically since late Chairman Hua Kuo-feng's return to power in October, and he is believed to have ordered the "Gang of Four" to be disgraced radicals in an important speech in Peking on Christmas Day. It is believed that the new Chinese leadership is engaged in a careful end calculated campaign to create a climate for a major purge of the provincial administrations — known as the Cultural Revolution — since the Cultural Revolution, when only 40 had been held up, as a Committee in Peking ordering the People's Daily article, written by youth in China where rulers have traditionally been old men.

China prepares for provincial purge

PEKING, Jan. 5.

Planning Commission, railway transport was paralysed by criminal gangs and traffic was blocked. In Paoing, 200 kilometres from the capital, grain and weapon storages were raided and civil war erupted.

At Hunan, it is claimed an outcast was secretly established to organise opposition to Chairman Hua. And in Sinkiang, the sensitive border province with the Soviet Union, factions opposed to the central party leadership fomented strife between local groups.

The article accused the former chief minister of Cheung Kong, Tse-tung Wang Hung-wei, of instigating criminal and civil war by the "Gang of Four" of disgraced radicals in an important speech in Peking on Christmas Day. It is believed that the new Chinese leadership is engaged in a careful end calculated campaign to create a climate for a major purge of the provincial administrations — known as the Cultural Revolution — since the Cultural Revolution, when only 40 had been held up, as a Committee in Peking ordering the People's Daily article, written by youth in China where rulers have traditionally been old men.

China prepares for provincial purge

PEKING, Jan. 5.

To-day's report indicates that the Gang of Four had a particular firm foothold in Cheung Kong province whose capital Hangchow was the scene of serious industrial trouble and strikes in 1975, ultimately resolved by calling in the army.

Wang is reported to have controlled the militia in Cheung Kong and used them in the civil war, the article indicates that order has been restored. Ghekiang, it says, was in a "state of utter disorder" before the shattering of the Gang of Four.

The reports follow a spate of similar articles about the activity broadcast by provincial radio from almost half the nation's 29 provinces. The seriousness of the trouble was indicated by an official document issued by the party Central committee in Peking ordering the army to restore order in Paoing, which has been in a state of civil war.

A broadcast from Szechuan province, monitored from the capital, Chengtu, spoke of the "Gang of Four" inciting "all-round civil war" in the province and industrial trouble and strikes in 1975, ultimately resolved by calling in the army.

Chairman Hua has already paraphrased Mao's famous quotation: "There is great disorder under heaven and the situation is excellent." The sentence has been endlessly repeated by a succession of Chinese leaders in the Great Hall of the People. The new Hua version is: "Great disorder under heaven leads to great order." The original has been similarly altered from recent Great Hall speeches, scarcely surprising since the situation is officially admitted as being far from excellent.

The new frankness, whatever its calculated motive, has spread to other official utterances from the Chinese. Hua at Christmas Day described the "extraordinary year" in China as one of great natural disasters including the Tangshan earthquake which he said "inflicted a loss of lives and property that is rarely seen in history."

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COURTROLLS INTERNATIONAL FINANCE N.V. 9% GUARANTEED LOAN Due 1982. UNCONDITIONALLY GUARANTEED BY COURTROLLS LIMITED. NOTICE IS HEREBY GIVEN that pursuant to condition 5 of the terms and conditions of the Loan and Chapter 4 of the Companies Act, 1965, the Courtrolls International Finance N.V. has resolved to call for redemption on the following dates...

Striking Sri Lanka railmen threatened

COLOMBO, Jan. 5.

THE GOVERNMENT of Sri Lanka has threatened to fine or imprison railway workers unless they end by to-morrow a two-week-old strike that has seriously curtailed passenger and freight transport.

The strikers were meeting today to decide on their response to the Government decision, which was taken at an emergency cabinet meeting yesterday night. The Government acted under the threat of similar walkouts by bus, postal and clerical workers. Those who ignore the Government's order to face six to 10 years, according to officials.

Roughly a quarter of the 26,000 workers of the State-owned railways are on strike, but officials say they represent a vital portion of the service. Opposition parties have criticised the Government's handling of the dispute, and called on it to give in to a demand from the workers to pay a 500 rupee bonus to meet the increased cost of living.

ON OTHER PAGES International Company News Venezuela borrowing Coas-Larsen loss 20/21 Farming and Raw Materials Russian record harvest Dutch butter warning 27

Palestinian hint on Israel truce

BY HSHAN HIJAZI

TWO GUERRILLA leaders have said that if an independent Palestinian State were created, it would be ready to conclude a truce with Israel without the constituting a recognition of the Jewish State.

Mr. Mahmoud Abbas, otherwise known as Abu Mazen, of the mainstream group, Al-Fatah, and Mr. Zuhair Mohsin, secretary-general of the Syrian-sponsored Al Sa'iq, both clearly indicated their thinking that for a piece of land which Israel gave up, it would receive a slice of peace. The full text of their statements may just become available here.

Abu Mazen spoke during a tour of the Gulf States and his remarks were highlighted in the Lebanese Press to-day. Mr. Mohsin gave his views in an interview with the weekly magazine Al Usby Al Arabi here.

In its resolutions, the 40-member council listed the setting up of a State as one of the national rights of the Palestinian people. Both Al Fatah and Al Sa'iq attended the Damascus meeting last month but members of the militant "Rejection Front" boycotted it.

No final decisions were made at last month's council session. Another meeting is to be held on January 11/2 to draw-up final recommendations which will be submitted to the Palestine National Council, the supreme legislative body. Its membership is likely to be increased from 158 to 300-350.

Pakistan poll date likely to be announced

BEIRUT, Jan. 5.

When Pakistan's Prime Minister Zulfikar Ali Bhutto addressed the nation last night, he was expected to announce the timetable for general elections in the country. According to the ruling Peoples Party, which has won a majority in the National Assembly and four provincial assemblies will be dissolved on January 10 and 13 respectively.

An official announcement on the dissolution of the assemblies and the fixing of election dates is expected to be announced by Bhutto this afternoon. According to Massawar, elections will probably be held in March.

Chia oil China increased its crude oil production by 13 per cent in 1976. Peking Radio, monitored here, said, Reuters reports from Hong Kong, that natural gas production rose by 15 per cent over 1975, and State production quotas were fulfilled in both fields, it reported.

As usual, the report gave no production figures for the United States, but says that China's oil production for 1975 at between 370m. and 520m. barrels.

Indonesian industry

Foreign investment in Indonesian industry rose by \$230m. in 1976 to \$1.1bn, which represents an estimated 60 to 65 per cent of all the capital invested in the country's industry, the Co-ordination Board spokesman stated, Rauter reports from Jakarta. Japan was the largest foreign investor with around \$2.0bn. in 208 projects.

Gandhi attack undermines Communist Party

By K. K. SHARMA IN NEW DELHI.

MRS. GANDHI, India's Prime Minister, has taken up the Communist Party's attack on her. This she did, and Mrs. Gandhi's cudgels on two fronts. She is amending the constitution to 1971 when she won a resounding re-election, her regime still in the last general election.

She did not need the Communist Party's support to amend the constitution. She did not need the Communist Party's support to amend the constitution. She did not need the Communist Party's support to amend the constitution.

Since then, Indo-Soviet co-operation on both political and economic fronts has flourished to mutual benefit. The Communists supported Mrs. Gandhi when she proclaimed a state of emergency on June 25, 1975, the only opposition party to do so.

Final break

Of the several thousand people arrested then, none were Communists and the party quickly adopted Mrs. Gandhi's new 20-point economic programme when this was endorsed by Moscow. The Communist-led coalition Government in the southern state of Kerala continued to get the support of the Congress Party and it is now the only Congress Government in any Indian state.

But its days are clearly numbered. The growing differences between the Communists and Mrs. Gandhi and those around her led to a final break when the prime minister publicly denounced her erstwhile ally in

Gandhi attack undermines Communist Party

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WORLD TRADE NEWS

Arab defence procurement policy clarified by Cairo

By MICHAEL TINGAY

CAIRO, Jan. 5.

EGYPT'S prolonged efforts to replace Soviet weapons by West European military hardware were in focus today as Mr. Yves Bourges, France's Defence Minister, arrived in Cairo last night for a five-day visit...

However, France's willingness to supply the Mirage F1 or Mirage 2000 aircraft, as well as Crotale anti-aircraft missiles is tempered by the French requirement that these be paid for in hard cash...

Boost for Indo-Soviet trade

By K. K. SHARMA

NEW DELHI, Jan. 5.

AGREEMENTS on Indo-Soviet collaboration in joint projects, including technology and manufacturing, were announced today...

These will be distinct from the provisions of the trade protocol between India and Russia signed in Moscow last week...

including the copper mines at Malajkhand, an alumina plant, large cement plants in coastal areas for export production and further expansion of the Bokara steel plant...

Turkish-Iraq pipeline opens

By METIN MUNIR

ANKARA, Jan. 5.

THE Turkish-Iraq pipeline which will carry crude from the northern oil fields of Iraq to Turkey's eastern Mediterranean coast has been inaugurated today...

The first throughput is scheduled to be ready for shipping at the Turkish terminal on March 20, official sources said...

In Iraq, it is to give birth to new projects in Turkey. The Government is planning to build a 5m-tonnes a year pipeline to divert some of the crude to a refinery which is under construction near Ankara...

ICI plans European expansion

By Rhys David, Chemicals Correspondent

ICI is to look for a new site in north-west Europe to expand its manufacturing activities on the Continent. Announcing the search for a new location the company said yesterday that its existing sites lacked suitable space for expansion...

Spain's motor industry in reverse

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

GENERAL MOTORS' withdrawal from its negotiations for 1978, ran a highly protectionist industrial policy. Companies which put money into the Spanish car industry were protected from foreign competition by tariff barriers which doubled the price of an imported car...

Against this background the car market grew by leaps and bounds in the 1960s—from 250,700 registrations in 1966 to 389,200 in 1970, and 595,200 three years later...

These rises in costs can only be balanced by more efficient production, which means rationalising the model lines, and therefore more investment. All of the Spanish companies, when looked at in a European context, have the capacity to do this, because their production plants could be linked more closely to those of their parent companies overseas.

Uncertainty

The death of General Franco has now imposed a more subtle, but probably more damaging, sense of uncertainty about the future. The general drift of the industrial policy of Spain is quite clear. It wants to encourage foreign investment...

Investment

It is difficult to see how the existing companies in Spain can continue to compete in the longer term without adopting a similar approach to that which Ford has pioneered. Indeed, there are signs that they are already beginning to do this by adopting the new freedom guaranteed by the terms of the Ford agreement...

Christie's to open in NY

By ANTONY THORNCROFT

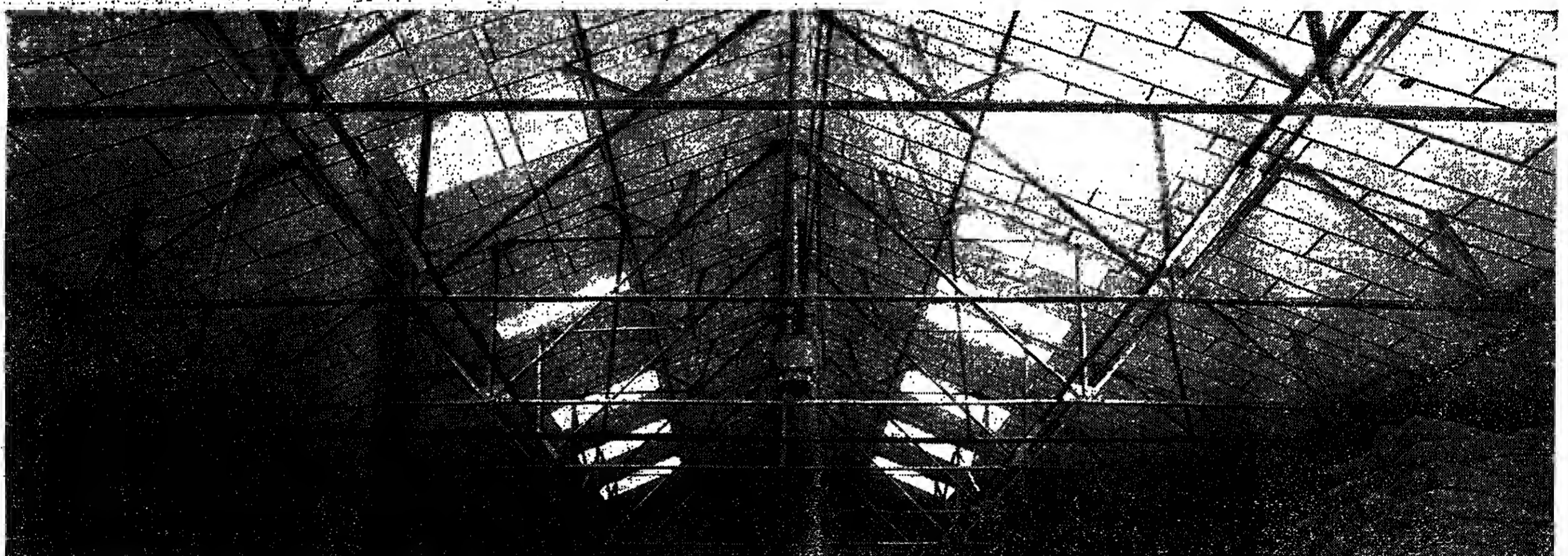
AFTER MANY months of speculation Christie's, the London auction house, announced yesterday that it was opening a permanent sale room in New York. It has taken a long lease on the second floor of Delmonico's, the former Park Avenue hotel...

Coats Patons to expand into Europe

By ELMOR GOODMAN

COATS Patons is considering expanding its chain of Country Casuals shops into Europe. The company, which is primarily a manufacturer but which also runs the Jaeger chain of shops, has opened 60 Country Casuals branches in this country since 1973 and is planning to open a further 24 this year...

for good middle-of-the-road fashion clothes. Since then about 40 of the old Bellmans branches have been converted into Country Casuals and the rest have been closed. Country Casuals is still a far smaller business than Jaeger, which already has a number of shops in Europe. Until recently, style of ladies' clothes to those it has been run by a division sold by Jaeger but at cheaper prices. The idea was to try to exploit the mass-market demand...



WHEN THE PRICE OF FUEL WENT UP SO DID THE INSULATION.

RECKITT & COLMAN (Pharmaceutical Division)

Reckitt & Colman couldn't do a thing about the large rise in fuel prices between 1974 and 1975. But they did do something about the heat escaping through the roof of one of their Hull warehouses. They substantially reduced it, with a lining of 50 mm insulation material. It cost them £11,000, but they'll save £5,000 every year from now on. (More, if fuel prices rise again.) A further £2,800 worth of heat will be saved each year because they've sealed some of the windows and ventilators in their office block. And another £6,500 will be saved every year because they've invested £7,000 in lagging 3,000 feet of pipework throughout the factory.

These simple but effective steps were just three of the measures recommended in an Energy Audit conducted by independent fuel consultants. But they're by no means the only measures the company have taken. Since early 1975, their Energy Manager has invested £39,000 in various conservation steps—and the satisfactory pay-back has persuaded Reckitts to develop their energy-saving programme. If you'd like to find out in detail how insulation Saved It for Reckitt & Colman, send in the coupon. We think you'll be interested in the returns. Save It. Reckitt & Colman are making it pay.

Form with fields for Name, Company, Address, Position, and a 'SAVE IT' stamp. Text: To: Department of Energy, Free Publications, P.O. Box 242, London SE1 0DE. Please send me the details of how Reckitt & Colman made insulation pay, along with your series of technical Fuel Efficiency Booklets.

Post Office Board now three members short

BY KEVIN DONE, INDUSTRIAL STAFF

The Department of Industry, months ago from his post as faced with the prospect of finance and corporate planning...

about the future of the Post Office. The Carter committee is expected to report in the spring...

General Accident raises car rates

BY ERIC SHORT

ABOUT 1m motorists, insured being given on policies where no claim was made in the previous 12 months...

PLA bid to sharpen competition

By Our Shipping Correspondent

IN AN EFFORT to sharpen its competitive edge the Port of London Authority has announced an increase in schedule charges...



OVERSEAS SALES are the main theme of the Boat Show which opens at Earls Court in London today. The industry is feeling more confident as credit restrictions are eased...

Healey expects cut in interest rates

BY ADRIAN HAMILTON

AT A SOBER meeting of the National Economic Development Council (NEDC) yesterday, Mr. Denis Healey, the Chancellor...

Inquiry into Welsh exam results

THE DISCREPANCY between a Welsh Office spokesman's examination results in England. We will try to establish what and in Wales is to be educational or statistical significance...

Alderney economy study agreed

THE STATES—Parliament—of serving financial resources, the Alderney has agreed to an States decision yesterday that independent survey of the island's economy...

U.K. ECONOMIC INDICATORS

Table with multiple columns showing economic indicators for 1976 and 1975, including unemployment, currency reserves, and trade figures.

House builders' 'survival' plan

A plan aimed at preventing house prices soaring later this year and avoiding further unemployment in the housebuilding industry...

Go-ahead for Welsh factory

A £100,000 scheme to build a 20,000 square feet advance factory at Llandegai Industrial Estate, Tal-y-bont, Bangor...

Souvenir guide

The Design Council's gift and souvenir guide for trade buyers will be launched at the International Spring Fair in Birmingham next month...

Tricycle demo

Weekly demonstrations organised by the Invalid Tricycle Action Group and the Haemophilic Action Group begin on Saturday in London...

Decision day

Labour Party agents will meet on Monday to decide whether to continue opposing the appointment of Mr. Andy Bevan...

Supercover

Layland is to improve its Supercover scheme for new car buyers to give second-year AA cover at an advantageous rate...

Drug danger

Doctors influenced by false advertising of drugs are prescribing dangerous remedies, Mr. Jack Ashley, Labour MP for Stoke Newington...

ECONOMIC PROJECTIONS FOR 1977 Growth rate low, say forecasters

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE NEXT 12 months are likely to see negligible economic growth, according to all the main forecasting organisations. A comparison of projections shows a fairly high degree of unanimity about the broad direction of the economy...

Table titled 'ECONOMIC PROJECTIONS FOR 1977' showing various economic indicators and forecasts from different organizations like Treasury, OECD, and National Institute.

Not from benevolence...

THE INSTITUTE of Economic Affairs is celebrating its 20th anniversary today with the publication of 'Not from benevolence...' by Mr. Ralph Harris and Mr. Arthur Seldon...

Advertisement for The Republic of Singapore Japanese Yen Bonds of 1976 - First Series, featuring the coat of arms and details about the 10,000,000,000 Japanese Yen bonds.

Vertical text on the left margin including 'Churches call for gambling hells', 'Consumer for change', and 'Oil hanks dock trade'.

THE JOBS COLUMN

Management in depth

BY MICHAEL DIXON

DAVY JONES'S Locker has provided good pickings for the director, the newcomer will Marcellus-based Comex group report to Jean-Pierre Donnet, since it was founded 15 years ago by Henri Delauze, a former associate of oceanographer Jacques Cousteau.

Last year's turnover from the underwater engineering group's activities at offshore oil and gas locations around the world was about \$110m. And Comex is preparing to recruit a new managing director for the French group's subsidiary, Comex Diving, which serves North Sea operations from its U.K. headquarters in Aberdeen.

There the newcomer will have charge of only about 300 divers and perhaps 200 more technical and other staff, but also of a fleet of support vessels including Odele Jinho who is both semi-submersible and dynamically positioned. Among other activities at Aberdeen are technical and diving training centres, testing facilities, and a medical services division.

Helped by a French technical director, the newcomer will report to Jean-Pierre Donnet, president of the Comex Services division in Marseilles, and have the prime task of running the U.K. company profitably.

Mr. Duffield thinks candidates need at least five years successful experience in contracting-type business, involving higher management and senior-rank negotiations with Government and international companies. While direct experience of controlling diving operations is not essential, thorough knowledge of the offshore petroleum industry is essential.

Rewards are not specified, but my own estimate of the salary level would be five figures area over to £20,000 than £10,000. Inquiries to Geoffrey Duffield at Hyde Park House, 60a Knightsbridge, London SW1X 7LE—telephone 01-235 8080.

YMCA centre

IT HAS taken half a dozen years, about £7m in government loans and grants, and some £2m from its own success in the Young Men's Christian Association to set up its new central London complex at the corner of Tottenham Court Road and Great Russell Street. And though the large hostel providing longer-term accom-

modation for students and the like, and the smaller £7 to £10 a night hotel, have already opened, much is still to come, including a conference centre, an extensive recreational club, a public restaurant to be run under the Happy Eater franchise, about 12,500 square feet of commercial offices and shop, not to mention a 150-space car park to be leased to NCP.

So a difficult development and managerial task will face whoever takes over from Leslie Adams when he retires as general secretary of the YMCA's biggest U.K. operation next November.

Projects chief

PETER SHARP is seeking a chief project manager to join the Babcock and Wilcox subsidiary, Jenkins of Retford. The company, near the Nottinghamshire/Yorkshire border, specialises in bulk handling and process equipment particularly for coal and steel.

Candidates should be chartered engineers, preferably with degree, must have managed "multi-disciplinary" contracts, and be well versed in planning, scheduling, cost-control and so on. Age range around 40-50. Responsibility is to Jenkins' managing director, Gordon Wilcox.

Once again, salary is not specified, but my estimate would be around £8,500. Company car provided.

Applications to Mr. Sharp of Jenkins of Retford, Retford, Nottinghamshire DN22 7AN—tel. Retford 2231.

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Leyland International
Nigel Brockmann,
LEYLAND INTERNATIONAL,
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Assistant Treasurer

The Treasurer's Department in the London Headquarters of the RTZ Group is involved either directly or in an advisory capacity with fund raising, cash management and planning, dividend policies and remittances, currency risks and investment. It is also the prime contact with the Bank of England, leading banks and brokers.

The Department is a small one and a replacement for an Assistant Treasurer who is moving to an overseas RTZ Group company is required.

The duties of the job will include assisting with the management of substantial funds in several currencies, and some participation in fund raising. These duties will involve contacts with UK and overseas banks and other financial institutions.

Ideally we are looking for a qualified person, probably around 30, with proven skills in the areas indicated above and capable of working with a considerable degree of independence. An ability to assess, and lucidly report on corporate financial situations is essential. Such experience and abilities may well have been acquired in a merchant bank.

A generous salary will be paid together with attractive benefits.

RTZ

Quoting reference AT/FT, please write stating present salary, education, qualifications and experience or telephone for an application form to: D. W. Westcott, Group Personnel Services Department, RTZ Services Ltd., 6 St. James's Square, London SW1Y 4LD. Tel: 01-930 2399.

Central London

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Basic requirements:

- Qualified accountant aged 32-38 with an ability to stimulate and guide senior managers by using logical analysis and persuasion.
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- Proven experience in the implementation of accounting and control procedures.

Applicants must have the personality to work as a member of a small team of senior executives responsible for initiating and implementing policies to improve profitability.

The salary will be in excess of £12,000 a year with appropriate fringe benefits including a company car.

Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent to:

The Executive Selection Division - M/F720,
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Management Accountant

to assist the central divisional team in a number of assignments throughout the U.K.

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Application should be made to:

The Financial Comptroller,
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CHIEF ACCOUNTANT

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Total remuneration package \$A18,500 negotiable.

to direct the total computerised accounting section which services twenty-three outlets and head office.

The Chief Accountant will be responsible for the following accounting areas:

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He or she will control a staff of about eight people, and will produce the monthly financial reports, carry out financial or management accounting projects, to aid his immediate superior, the Financial Controller of the company.

The successful applicant will be a fully qualified accountant, with good experience in wholesale or retail distribution business. Experience in EDP Systems would be beneficial. Preferred age is 30-40 years.

Remuneration package consists of salary, bonus payment, superannuation, good car and fringe benefits in keeping with the senior nature of the appointment. Reasonable relocation expenses will be paid in the successful applicant.

Applications in writing, giving detailed work history and contact telephone number should be addressed to Dr. G. E. New.

Omega Management Consultants,
c/o S. Heyman,
7 Glenloch Road, London, N.W.3.

All applications will be kept strictly confidential. No details will be given to client until after initial interview. Interviews will take place in England during January. Successful applicant is expected to arrive in Australia by the end of March, 1977.

Management Accountant London Area

Our client is a major British company, renowned for the quality of its consumer products. In order to strengthen and rationalise their position in the market place, the Financial Director is looking for a key member of his team who will be responsible for financial forecasts, advising on profitability of products, the development of computer models, and complex calculations in connection with price control mechanisms.

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Candidates must have experience of price control negotiations (particularly within the EEC framework), and/or the use of computer models in planning and forecasting, as well as success in a financial management role.

Applicants who do not meet one of these criteria will not be acknowledged.

Please send full resumes to the consultants advising on the appointment to Ref. RM51. Robert Marshall Advertising Limited, 32-34 Wellington Street, London WC2E 7BD.

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The Assistant will be involved with the Chief Accountant in the provision of management accounts and will be given considerable scope to develop and improve systems. Salary is negotiable from £5,750 p.a., plus the usual benefits.

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The tax free salary is negotiable, and other benefits will include free married accommodation, transport, six weeks annual leave and free medical treatment.

Please write in complete confidence to John Anderson as Advisor to the company at:

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In the first instance please write briefly for an application form to PA Advertising quoting Ref. D6551.

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Please write to Michael I. McAlister, MA, FCA, Director, International Banking and Finance Division, Knight Wegenstein Limited, 36, Parkside, Knightsbridge, London SW1X 7JP. Telephone: 01-235 9149. All applications will be treated with utmost confidence.

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We are looking for a man between 32 and 40, with a basic engineering qualification and some graduate business or management education. He needs to have a dual career in industry management and in consulting, i.e. line experience within a production company (preferably light industrial consumer or semi-finished products) and staff experience as a project leader in a non-specialised industrial consulting organisation. He must be familiar with leading interdisciplinary project teams, co-ordination of inputs, time management, and the implementation of output. He should have handled such projects as market-product adaptation, production methods, stock management, industrial organisation and staff problems.

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Please write to Dr. Pierre L. Zollkofer, MSL Suisse S.A., 9 Signaustasse, CH 8008 Zurich, enclosing your résumé and stating how you meet each require-

ment. (Ref. B2292-S.) No information whatever shall be disclosed to our client or anybody else, without your consent given after a personal interview.

MSL International CONSULTANTS LIMITED

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Applications are invited for a vacancy which has arisen in our credit analysis department. The work will involve assisting in overall credit procedure administration, as well as working for loan officers specialising in Eastern and Central Europe. The successful candidate will join a young, aggressive and lively group, who spearhead Crocker's marketing efforts in Europe, Africa and the Middle East. Opportunities for promotion are considerable for those who prove to be conscientious and successful.

The ideal candidate will have a good academic background and will be both numerate and articulate. He or she should have one to two years experience of working in a dynamic credit analysis environment and by now should be a self-starter. Knowledge of German or any Eastern European language will be an advantage but is not essential.

Salary will be gauged to the qualifications and experience of the individual selected; in addition to which a competitive fringe benefits package will be made available.

Please send a copy of your curriculum vitae with a covering letter explaining why you feel that you should be considered for this position to: Mr. C. Hay, Vice President, Crocker National Bank, 34 Great St. Helens, London E.C.2.

ECONOMIST For Gilt-Edged Department

Applications are invited for this post in the successful expanding gilt-edged department of a medium large firm of stockbrokers.

The successful candidate will be responsible for monitoring macro-economic trends and assisting in the formulation of forecasts for the gilt-edged market.

Applicants should be economics graduates preferably under 35 years of age and while some experience of the financial sector would be useful it is not vital.

Salary by negotiation.

Reply in confidence to:
Mr. R. A. D. Froy
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31 Sun Street, EC2

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The conditions are first class, salary will be negotiated. Candidates should write giving brief relevant details of experience, age and present earnings to:

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Tel: 01-588 8844.



General
Appointments
are continued
to-day on
the following
page

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We wish to expand our equity research department. We would therefore like to hear from investment analysts with at least one to two years' experience in their current sectors. Successful applicants will join a corporate and economic research team with a high reputation in the City and in Industry.

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LABOUR NEWS

World strike figures put U.K. near EEC level

BY CHRISTIAN TYLER, LABOUR STAFF

THE GREAT improvement in Britain's strike record since early 1975 has relegated the country to the second division of the international strike league and brought it close to its main EEC competitors—namely to Japan.

Latest figures from the International Labour Office published today in the Department of Employment's monthly Gazette, show that although the U.K. has not moved much in the table, it is no longer the outlier among the high-strike countries like Canada, the U.S., Australia, Italy and India.

The figures relate to days lost in 1975. With the even greater improvement—nearly 50 per cent—in Britain's days' lost record last year, its international position can be expected to shift decisively when the next ILO comparison becomes available.

Already the domestic figures show that Britain lost 3.1m working days in the 11 months to November, compared with 2.6m in the same period in 1975. There were 1,888 strikes compared with 2,217.

Overall 1976 is likely to be the best year for a quarter of a century. The improvement, which started in 1975, could

mark the sharpest decline since World War Two. Two reasons are commonly given for the improvement: incomes policy and high unemployment. There is little doubt that to the extent which wage har-

shing has been removed from the shop floor, the potential area of disagreement has greatly shrunk. But there is no statistical evidence that high unemployment of itself reduces militancy—in some periods it has had the opposite effect.

Only two other countries—alread at the bottom of the strike league—are better than Britain between 1974 and 1975. Norway's figures for days' lost per 1,000 employees improved 98 per cent, and West Germany's 83 per cent, compared with Britain's 57 per cent improvement.

All but three of the 18 countries monitored by the ILO improved their record in 1975, but Canada—now heading the table—had worse figures for the fourth year running.

The December Gazette also contains estimates of the numbers of unregistered unemployed. The department calculated that between 1971 and 1975 there were 70-100,000 unregistered unemployed, compared with 200,000 more women.

Local authorities 'face further expenditure cuts'

BY DAVID CHURCHILL, LABOUR STAFF

LOCAL AUTHORITIES face an extra cut of £500m in their spending for the next financial year because of the cut in financial support from the Government, according to a document being circulated among the national executive of the National and Local Government Officers Association.

The document says the cut in the rate support grant announced by the Government last November represents a real reduction more than three times that of the Government's settlement at a regional level.

It would mean up to 100,000 local government jobs being lost in the next year, instead of the 25,000 predicted by Mr. Peter Shore, Environment Secretary.

These findings of Mr. Adrian Ham, the union's research officer, are certain to add to the growing opposition in the union to the cuts in public spending. At the union's special conference on the cuts in London next week several branch motions will take a harder line against the cuts than the executive's motion, which itself calls for limited industrial action.

Some of the union's branches feel the TUC has not done enough to fight the public expenditure cuts. They want opposition to the cuts to be included in the forthcoming negotiations on the social contract and pay policy.

The executive's motion demands that the Government adopt the union's alternative economic strategy and sanctions industrial action, such as an increase in inflation—is a harsher

Notice of Redemption

Chevron Overseas Finance Company

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NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Fiscal Agency Agreement dated as of February 1, 1976 under which the above-described Debentures were issued, Citibank, N.A. (formerly First National City Bank as Fiscal Agent, has set out for redemption on February 1, 1977 (the "Redemption Date") at 100% of the principal amount thereof (the "Redemption Price") plus accrued interest to the Redemption Date, payable in U.S. dollars through the operation of the Sinking Fund provided for in the said Agreement \$3,600,000 principal amount of Debentures of the said issue of the following distinctive numbers:

COUPON DEBENTURES OF \$1,000 PRINCIPAL AMOUNT OUTSTANDING:

Table with columns for distinctive numbers and principal amounts. Includes a line graph titled 'HOW STOCK EXCHANGE TURNOVER IS MOVING' showing Ordinary Shares and All Securities from 1972 to 1976.

Steel pact will take at least 2 months

BY ALAN PIKE, LABOUR STAFF

THE BRITISH STEEL Corporation will continue a drive to win work-already taken place with the industry's biggest union, the Iron and Steel Trades Confederation, and the craft organisations.

Similar meetings, involving the Corporation's senior management, have already taken place with the industry's biggest union, the Iron and Steel Trades Confederation, and the craft organisations.

The Corporation accepts that the ambition with which it entered the talks of achieving agreement with the unions by the end of this month, is no longer realistic. January 23 was a single joint national council

Strike hits Cammell Laird yard

By Our Labour Staff

THE STRIKE over a £2 productivity payment at Cammell Laird's Birkenhead yard began with 450 planters and shipwrights falling to report for work yesterday.

Cammell Laird avoided lay-offs among the rest of its 4,250 manual workers yesterday but these are certain to follow unless the dispute ends quickly.

The strikers, members of the Bolleymakers Amalgamation, are demanding that a £2 per week payment which they received for a fortnight in July, 1976, should be restored. Cammell Laird says this is impossible because of the present pay guidelines but has promised to renegotiate when Government policy permits.

Suspension warning over jobless figures ban

BY OUR LABOUR STAFF

CIVIL SERVANTS in the Department of Employment, whose refusal to carry out statistical work has delayed publication of the unemployment figures, were yesterday warned by management that they face suspension without pay if the ban continues.

The warning came at the same time as the Civil Service Department released the text of a letter to the Civil and Public Services Association, stating that the action of its members was "unconstitutional".

The dispute began last November over internal grievances. But the action was subsequently supported by the union's national executive as a protest against public spending cuts.

The letter from the Civil Service Department states: "Policy as to public expenditure in the light of the country's circumstances is the responsibility of Ministers, working within the usual constitutional and democratic framework. The method by which your association is seeking to pursue its aims on this occasion is wholly incompatible with this framework."

The CPSA's national executive is to consider the suspension warning next week.

Massey-Ferguson strike continues

TALKS with local union officials yesterday to clarify the issues behind the strike that has halted assembly of Massey-Ferguson tractors at Coventry ended inconclusively last night and no further meeting was fixed. A management offer to accept an independent assessment of production targets was not taken up.

The strike, which is costing the company some 300 tractors a day worth £1.5m, started just before Christmas. About 1,200 workers had their pay stopped after ignoring warnings about inadequate effort and walked out.

Closure makes 150 jobless

MORE THAN 150 workers will lose their jobs this week when the Hepworth Iron Company's couplings division closes its factory at Swinton, near Mexborough, Yorks.

The company, which makes plastic pipe fittings and has the highest since January's record, blames the slump in the building trade for the closure, which comes only eight months after employees were told that the company was doing well.

Court move delays union survey

DISTRIBUTION of a questionnaire on union recognition to about 5,000 staff of Legal and General Assurance Society will be delayed pending a High Court ruling on its validity.

The society's staff association claimed that the questionnaire was unfair and biased in favour of the Association of Scientific, Technical and Managerial Staffs.

STOCK EXCHANGE BUSINESS IN 1976 Gilt trading up 22% to record level

STOCK EXCHANGE trading last year was again marked by record business in gilt-edged securities. The previous year's pick-up of 39 per cent, from the four-year low recorded in 1973, was surpassed by a net 0.7 per cent, while the highest since January's record, measured by the Industrial Ordinary Share index, fell by just over 51 per cent.

STOCK EXCHANGE BUSINESS IN 1976 Gilt trading up 22% to record level

Over the year, gilt-edged prices, as measured by the FT Government Securities index, rose 0.3bn, to £3.5bn, the highest since January's record of £3.5bn, and some £4.8bn above August's depressed level of £1.4bn. Business during the month in short-dated funds declined 49.5bn, to £3.5bn, and the medium and longer-end of the market again provided the boost with turnover in other fixed-interest stocks rising £0.8bn, to £1.1bn.

BANQUE ETEBARATE IRAN

As a consequence of H.E. Mr. A. CHAFIK's demise, the Board of Directors of Bank ETEBARATE IRAN held an extraordinary meeting on December 8th, under the presidency of Mr. Hassan KOOROS, Vice-Chairman and in the presence of Mr. Jean-DEFLASSIEUX, Directeur des Affaires Internationales du Crédit Lyonnais, Vice-Chairman.

After recalling the exceptional industry of Mr. CHAFIK who, since the creation of the Bank, assumed the heavy responsibilities of Chairman (rather than Chairman General Manager) and who turned this institution into an exceptionally highly-esteemed Bank, Mr. KOOROS asked the Board to appoint Mr. Mohammad Abou Nasr AZOD, one of the distinguished pioneers of Iranian industry, Vice-Chairman of the Iranian Chamber for Industry and Mining, to the post of Chairman.

The Board of Directors unanimously agreed with this proposal.

Table with columns: Category, Value of all purchases and sales, % of total, Number of bargains, % of total, Average value per day, Average value per bargains, Average no. of bargains per day.

SNOW REPORTS SCOTLAND Cairngorms: Main runs, most complete wet snow still on a firm base. Lower slopes, snow in nursery areas, wet snow on a firm base.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

POWER

Use of windmills urged

AMONG THE sources of free energy which surround us, but which so far have not been tapped on more than a microscopic scale, only wave power has aroused any enthusiasm from those Government bodies which control research and development purse strings.

Yet wave power probably will be the most difficult of all sources to tap successfully and it already appears that costs of such stations—particularly if they have to be built in quarter-mile long arrays in the stormiest waters around the coasts of Britain—could be very high.

Windmills were used extensively over most of western Europe in the period prior to and during the introduction of steam power for many tasks from pumping oil fountains to grinding corn. It seems difficult to arouse any enthusiasm, at least in Britain, for this form of power generation although the cost figures a priori seem attractive. Sweden, Denmark, Holland and the U.S. are convinced. A case can be put forward for a per kW installed capital equipment cost of just over £250, against oil stations at £150 to £200 and nuclear from £220 to £375. However, this case predicated a "cells" of 200kW built on a mass-production basis and average wind speeds of 25 mph.

Assumption of such high average wind speeds clearly limits the areas where the windmills can be installed to high mountain country or coastal areas.

Now, the designer of an interesting new form of windmill

which presents marked advantages over the horizontal axis types as well as the "egg-whisk" troposcopes, Dr. P. J. Musgrove of Reading University, has put forward the suggestion that banks of windmills could be sited in shallow waters around the coast, where there is ample wind power during most of the year and no danger to shipping.

They would be built in waters less than 20 metres deep in the southern half of the North Sea, that is in proximity to the most power-hungry areas of Britain.

In the paper he is to read at a symposium on "Potential Power" at Southampton today, organised by the Institute of Fuel, he also suggests that the energy produced by driving the wind vanes could be stored in the form of compressed air in natural gas strata under the southern North Sea as these become depleted.

This would allow the wind energy system to supply power on demand, even during days of flat calm and, he estimates, would make it a far more attractive proposition than nuclear power since wind/storage can be calculated to cost just over £500 per kW. The latest figure for a nuclear power plant ordered in the U.S. is that for a 2,400 MW station in New York State which cost \$3.2bn, or £500 per kW installed, presumably with the first fuel charge, but without the storage concept implicit in the windmill proposals.

Dr. Musgrove outlines out that in the most energy-rich areas of the sea around Britain—such as Station India 700 km west of

RESEARCH

Plessey to lead ground station job

PROVISION of a ground station in Spain to receive signals from a new orbiting ultraviolet astronomical observatory has been put in the hands of a seven-company European team headed by Plessey Radar.

The project, dubbed IEU (international ultraviolet explorer), is sponsored jointly by the European Space Agency and NASA's Goddard Space Flight Centre.

Orbiting synchronously, the craft will have a telescope through which UV radiation from the stars and other sources can be measured accurately without the filtering effect of the Earth's atmosphere. Telemetry systems will relay data to the station near Madrid for display and analysis.

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METALWORKING

Wide range centreless grinding

A HEAVY duty centreless grinding and finishing machine, which can also handle lightweight stock, has been added to the range of finishing machinery built by Moon Brothers, Beaufort Road, Birkenhead, Merseyside, L41 1HE (051-482 1527). It will finish all kinds of straight bars and tubes from 3 to 100 mm diameter.

Independent double feed rolls, which can be positioned at any distance from the machine, are used to support and feed the stock—any number of feed units can be used depending on the length of material to be processed.

To accommodate different tube and bar sizes, the height of the contact wheel and feed rolls is adjustable by means of a hand crank. This enables quick size changes to be made without the need to adjust all material feed troughs.

Feed speed is infinitely variable from zero to 10 metres/minute. The stock passes under a 150 mm wide abrasive belt.

OFFSHORE INDUSTRIES

Dry and wet underwater welding

EVALUATION of the performance of arc welding processes under high atmospheric pressure (464 psi), and of the properties of the resulting welded joints will be carried out by the Welding Institute under a contract, understood to be worth in the region of £1m, from the Department of Energy.

Results of the work will be confidential, and its release to industry will be at the discretion of the Marine Technology Support Unit, AERE, Harwell.

When completed and repairs must be undertaken on the structural steelwork of offshore platforms, and on the pipelines and related facilities on the sea bed, much of the work can only be done effectively through the use of welding. In the North Sea, this means operating in depths down to 1,000 feet.

One of the most promising methods is using a chamber in which welding is carried out in air, but to exclude water the chamber must be pressurised with air pressure reaching 32 bar at the greatest working depth.

At the Institute's laboratories at Abington Hall, Cambridge, a hyperbaric chamber is being built in which various welding processes will be tested at pressures up to 32 bar (464 psi), equivalent to a depth of about 300 metres (1,000 feet). The processes examined will be manual metal arc, MIG, TIG and plasma.

It is understood that a further contract, worth about

£0.2m, is in the final stages of negotiation with the BRE Commission. This is to examine underwater welding in the wet, but not at great depths. The work will be concerned with splash zones of offshore platforms or anywhere requiring rapid repair welding in shallow water, up to about 30 feet deep.

The investigation will take two years and will concentrate mainly on manual metal arc welding, including the development of advanced methods of shielding the arc in wet welding. Funding is partly from the Commission and the U.K. Government, with the remainder coming from industry—four companies are needed to participate in the project at £5,000 p.a. each for two years.

More from Dr. Arthur Smith, a contracts manager of the Welding Institute, on 0223 891162.

DATA PROCESSING

Selling the knowhow

MOST COUNTRIES having any familiarity with data processing have long acknowledged that in Britain there are some of the most expert systems and programming men in the world. But such is the way of the civil service that these people have received little or no aid and encouragement in their efforts to sell their expertise abroad, while the lame ducks who cannot get at the support.

Arbat, which made a name for itself by outbidding IBM from the Kleinwort Benson merchant bank with equipment built around small DEC machines, has demonstrated that innovation in computer use pays off by taking an order worth many millions of pounds from the large Security Pacific Bank whose home town is Los Angeles.

Arbat will be intimately involved in setting up computer-based banking systems in London, New York, Brussels, Frankfurt, Los Angeles and Tokyo. The order, again with DEC machines, was won in the face of stiff competition from manufacturers of conventional systems, which included IBM.

In the initial stages of the project, DEC PDP 11/55s will be set up in London, New York and Los Angeles while Brussels, Frankfurt and Tokyo will get 11/34s. All three are expected to be linked together eventually to provide a worldwide banking network and the first section of the system will be the one in New York, designed to operate with the SWIFT international network as will be the London, Brussels and Frankfurt centres.

The package Arbat is supplying is conceived as a foreign exchange, loans and deposits and standard commercial banking jobs. Each centre will have a

MATERIALS

Corrosion prevention

A VINYL coating has been introduced for protecting production equipment in metal finishing and in general industry, against corrosive environments.

Air-drying to a tack-free finish in 30 minutes, it produces a glass-smooth plastic coating, stated to resist abrasion and cutting, and capable of acting as electrical insulation.

It can be applied by dipping, brushing or spraying. Applied by dipping, it requires only one to five minutes drying between coats, and only two to three coats are needed for average duty. It is said to adhere well to metals, glass, good masonry, fabrics and plastics.

Applications in the metal finishing industry include the coating of production jigs, funnels, spillage areas, conveyor systems, piping, hooks, insides and outside of tanks, fume ducts, etc. It can be used to mask around areas to be plated or anodised.

The coating is made by Harrow Chemicals, P.O. Box 4, Davenport, Northants NN11 4FH (07272 2186).

More power in Level 66


ENHANCEMENTS in the Series 66 Level 66 large-scale computer systems have been announced by Honeywell.

Processing power of models 66/10, 20, 40 and 60 have been increased by between 35 and 65 per cent, offering significant price/performance benefits. Furthermore, all models in the Level 66 series now have multiprocessor ability, previously available only on the 66/20 and above.

There have been various proprietary engineering changes and "cache" memory is also now available on the model 40 as well as the 60.

Honeywell also reveals that 4k MOS random access memory chips are now the standard semiconductor used in the large system main memories. The new memory configurations of up to 1024k words (four megabytes), depending on the system, are available with immediate effect.

The company claims to be the first to standardise 4k RAM chips through its range and states that further benefits can be expected as newer, denser chips become available. Honeywell Information Systems is at Great West Road, Brentford, Middlesex (01-858 9191).



Tecalemit
Maidenhead, Berks.

Fluid Transfer, Control and Filtration

Lubrication Systems

Garage Equipment

Combustion Engineering

MATERIALS

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Precision aluminium extrusions

TOLERANCES of plus or minus 0.03 mm, and wall thicknesses down to 0.5 mm, can be held for aluminium extrusions being made by R.B.B. Precision Products, New Road, Sandy, Beds. (0478 80731).

Extrusions are formed to customers' own designs in profile lengths as short as 150 mm. Setting up charges are waived for long runs of some extrusions. The company says it can cope with designs not normally accepted by other manufacturers, and offers delivery within five weeks of the initial order.

Three types of aluminium alloy are available: AlMgSi 0.5, AlMgSi 0.6 and AlMgSi 1.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

Finance for Growing Companies

If you are a shareholder in an established and growing company and you, or your company, require between £50,000 and £1,000,000 for any purpose, ring David Wilks, Charterhouse Development.

Investing in medium size companies as minority shareholders has been our exclusive business for over forty years. We are prepared to consider new investments in both quoted and unquoted companies currently making over £50,000 per annum pre tax profits.

Write: **CHARTERHOUSE** Charterhouse Development, 1 Paternoster Row, St Pauls, London EC4M 3DH. Telephone (01-248 5444)

WESTERN U.S.A. CATTLE OPPORTUNITY

Partnership or Capital Investment wanted (six figure) with growth and profit as goal. Arizona foalyard, thirty thousand head capacity and all equipment, personnel and management. Seven years' past performance shows profit. U.S. Department of Agriculture predicts higher cattle market for 1977. Lifetime Arizona cattlemen with excellent reputation and financial stability.

Write or call: **W. E. Evans, President** Scottsdale Feedyard Inc. 2120 Hawthorne Trail Lakeland, Florida, U.S.A. 33803 813/682-0601

WANTED

Public company wishes to acquire house building companies in England, North of the Thames, building and selling approximately 250 to 300 units per annum.

Details please in the strictest confidence to: **Box E.8636, Financial Times, 10, Cannon Street, EC4P 4BY.**

INTERNATIONAL BIDDING

Merlin S/A - Industria E Comercio de Oleos Vegetais foreseeing the expansion of its industrial unit located in Porto Alegre (Rio Grande Do Sul) is interested in acquiring machines and equipment for the extraction of vegetable oils.

The purpose of this communication is to invite interested parties to present their proposals in writing to the following address:

RUA MARQUES DE ITU, 58th Floor, Conj. 7-A, Sao Paulo, Brazil

BOAT YARDS, MARINAS, CHANDLERS, ETC.

Ample funds available on behalf of clients to acquire majority shareholding in efficiently run companies, routine management to remain, where injection of working capital necessary. Must be situated on the South Coast, West of Solent.

Mann Judd (Ref. RAH) 127, Hazeley Road, Birmingham B16 8LD

MARKETING IN U.S.A.

Group of well-established U.S. companies with close U.K. and world-wide links can provide comprehensive services to British exporters to the U.S.A.

Marketing planning; market research; appointment and supervision of agents; management of subsidiaries.

Telephone **Michael Moffatt** on 01-930 0871 or write to him c/o EMS (G.B.), 50 Pall Mall, London S.W.1.

LIGHT ENGINEERING COMPANY WANTED

We are searching for the right kind of acquisition to maintain our company's growth rate. Ideally engineering based with between 1 million and 2 million pounds turnover. Our special interests are in lighting, and automotive accessories but any company in the light electrical, mechanical or electronic fields would be of interest. Profitability is unimportant.

All replies will be dealt with seriously, promptly and confidentially hence no box numbers.

Please contact **M. T. Dawson**, FISHER-KARPAK HOLDINGS LIMITED, Brearley Works, Luddenfoot, Halifax HX2 6JB Telephone: 042 283-2711

UK DISTRIBUTORS REQUIRED

For a handloms concrete mixer, 3/2 cubic feet capacity and for a range of heavy duty vehicle servicing and loading ramps. Ideally suited to established sales networks in the building or transport equipment markets.

Write Box E.9210, Financial Times, 10, Cannon Street, EC4P 4BY.

MERCHANTING OR SERVICE COMPANY REQUIRED

Overseas interests require a Company, which is not involved in Manufacturing, preferably operating in London or the Home Counties, as a base for their future expansion in the U.K. Initial investment up to £100,000 and prepared to consider a minority stake. Keen to retain existing management.

Write Box No. K779, Walter Judd Limited, 1a Bow Lane, London EC4M 3EJ.

PRIVATE WEST COUNTRY ENGINEERING COMPANY

employing approximately 20 skilled mechanics and fitters, undertaking quality work in fields of special machinery building, general machining and assembly of pumps and valves seeks to expand by way of merger, trading partnership or takeover. Good premises and equipment.

Principals please contact: **Trinfield Williams & Partners, 5 Marsh Street, Bristol BS1 4TH Tel. (0272) 297971**

PRESTIGE CARS WANTED

Open 7 days a week for your low mileage prestige motor-car for sale. Preference given to Rolls Royce, Mercedes, Jaguar, Aston, Bentley, Ford, etc. Terms and conditions of sale subject to agreement. Collections anywhere in U.K. Cash or Bankers' draft available. Telephone for a free price or our buyer will call **ROMANS OF WORKING LTD, Brookwood (04487) 2281**

RETAILERS

Wherever cash is handled there is a temptation for the potentially dishonest retailer to pilfer. Great Publicity Service, 6, Baring's Parade, Leamington Spa, Warwickshire CV31 3AA. Telephone 04546 5051

OPPORTUNITY

THE LARGEST MARKET TODAY IS SAUDI ARABIA. Let our office be your eyes and ears in the Middle East.

● TO INTRODUCE CONSTRUCTION CONTRACTS
● TO OFFER YOUR PRODUCTS
● TO INTRODUCE YOUR SERVICES
● FOR EMPLOYMENT PLACEMENT

Write, giving full details and brochure of your Company to: **Box E.9209, Financial Times, 10, Cannon Street, EC4P 4BY.**

LLOYDS BROKERS

Australian Insurance Broker will be in London (Savoy) approx. Jan. 24th to 31st wishing to discuss local representation or association in Australia with Lloyds Broking House.

Please reply by January 20th to **INSURANCE**, c/o P.O., Sydney 2001, Australia.

LEISURE INVESTMENTS

A substantial Company is interested in making significant investments in the self-catering holiday industry. Any size of investment is considered, and the purchase of caravan/chalet parks are of particular interest.

Please write **Box E.9207, Financial Times, 10, Cannon Street, EC4P 4BY.**

YOUR SWISS OFFICE IN ZURICH

Your perfect business address:
● Full accommodation at highly advantageous conditions
● Concierge services facilities with mailbox, phone and mixer
● Well furnished, orders taken and forwarded
● Absolute confidence assured.
Ask for detailed information **INTERNATIONAL OFFICE SERVICES, 42 Renweg, CH-8001 Zurich, Tel.: 01-27 29 15 Telex 55 656**

CASH AND CARRY OPPORTUNITY

A remarkable business is available operating in the E. London supplying food to hotels, restaurants, caterers, cash and carry to retailers. Net profit 20% per annum. Fully financed. No franchise fees. For the year ended March 1976 amounted to £27,000. Current year is running substantially ahead. Turnover exceeds £1.5 million. Approx. 300 staff. Full details available on request. Trade enquiries will receive full details.

Write Box E.9199, Financial Times, 10, Cannon Street, EC4P 4BY.

MAJOR INTERNATIONAL GROUP

wishes to buy London commodity broker with full membership in Cocoa and Coffee. Up to £2,000,000 available for such a purchase.

Reply to: **P.O. Box 258, CH-8002 Zurich, Switzerland.**

ISLE OF MAN COMPANY

Opportunity to acquire an established international carrier with profitable assets and retail outlet turnover in the region of £70,000 for further acquisition of the business and the advantages of having a business in the island, write in confidence to P.O. Box 10, Douglas, Isle of Man.

MANAGEMENT

Establishment requires persons, previously managers of British American companies to be based and who are Spanish speaking. From French, Italian, Spanish, good Dutch, Flemish, some German, customer products packaged goods, services related to services marketing, customer background, experienced acquisitions, new ventures and turn-around situations available on permanent or consultancy basis. Write **Box E.9181, Financial Times, 10, Cannon Street, EC4P 4BY.**

INDUSTRIAL INSTRUMENTATION

Established marketing and leasing company seeks £25,000 to finance expansion. Equity and management participation preferred.

Write Box E.9208, Financial Times, 10, Cannon Street, EC4P 4BY.

EAST MIDLANDS BASED ENGINEERING COMPANY

Manufacturing capital machinery is seeking diversification. Interested in discussing with potential vendors, possible licensing of proven capital plant and machinery or in acquiring control of a company involved in this field, preferably with strong marketing and design facilities. Unvalued funds are available.

Particulars only to the Managing Director, **Box E.9212, Financial Times, 10, Cannon Street, EC4P 4BY**, marked Private and Confidential.

WAREHOUSING - CANADA

British manufacturer of Engineers Course Tools with manufacturing facilities in Canada offers warehousing, despatch and invoicing facilities in Montreal and Toronto. Facilities would be suitable for any light engineering products.

Apply **Box E.9204, Financial Times, 10, Cannon Street, EC4P 4BY.**

STOCKBROKERS

Partner with private client investment business, wishes to join friendly firm having good research capability.

Write Box E.9213, Financial Times, 10, Cannon Street, EC4P 4BY.

DO Retail Outlets DO YOU HAVE PROBLEMS WITH STOLEN CHECKS?

We have an economical solution **KEY BOND I MITED** 01-629 1337 or write **Box E.9194, Financial Times, 10, Cannon Street, EC4P 4BY**

FINANCIAL DIRECTOR

required to inject loan capital into Fyde Coast property investment situation. Interest and equity participation.

LYONS HASKIN & CO., 20, Bank Street, London E.C. 4, Tel. 24854

STAFFING PROBLEMS?

10-200 Employees City based consultancy specialises in giving advice on all matters relating to do with employment—hiring, contracts and conditions of employment, job specs, redundancies etc.

Consult: **OSB CONSULTANTS, 17 Holywell Row, EC2 0JG** Tel. 01-247 7213/8274

أسواق المال

The Marketing Scene

Blues by summer How housewives shop

BY ANTONY THORNCROFT, MARKETING EDITOR

ALTHOUGH many of the big packaged goods companies are planning to spend more on advertising over the next few months while they still have the cash resources to do so, the general marketing feel for 1977 is one of depression. The main cause for gloom is the fact that for the first time, the mass of C2 consumers will be suffering from falling real incomes.

As Peter Hood of the Sales Promotion Triangle, which works for grocery companies like Cadbury Typhoo, Golden Wonder, Johnson and Johnson, and Unigate, points out, the disciplines of a reduced purse will make it harder for manufacturers to maintain profit margins by raising prices, as they have in the past two years.

We could be back to a 1974 situation, with companies choosing to maintain the long-term survival of a brand or short-term promotions to reach sales targets. Many of the promotions will be linked to price offers, and coupons are likely to maintain their recent growth in popularity, along with specific retailer-linked price cuts. Hood reckons that many big companies will aim for the maximum possible sales achievement early in the year, while there is still money around.

This should mean work for the sales promotion companies, who have had a busy 1976, as they make new converts to the power of promotions. However Alan Toop of the Sales Machine, unlike Peter Hood, sees some return to old style, bright idea, promotions, not linked to price. His company is working on the Honey Monster for Sugar Puffs, to the extent that the monster, and manufacturer, Quaker Oats, is now appearing in the Palladium pantomime. Companies may look more to their promotional advisers for ideas on how to boost sales, and although the price angle is the most obvious solution, it may not always be the best.

A.T.

THERE is a great deal of information on the distribution of brands through stores (thanks to Nielsen), and just as much on what the housewife actually buys (AGB comes in here), but the more probing questions on why shoppers choose particular brands, and the extent of spontaneous acquisition in-store, are rarely asked, perhaps because they are qualitative questions and not easily dealt with by a computer.

Business Decisions did well last year with a survey commissioned by Marketing Magazine, on "How Housewives Really Shop", which attempted to monitor the customers' behaviour inside a grocery store. The same five companies are now publishing a follow-up report, "The Shopping Expedition", which attempts to link the housewife's planned purchases, with what they actually acquired on a shopping trip. It is available at £20.

A representative group of housewives, both working and non-working wives, with and without children, were covered, and the most interesting information came through their quotes, which show how important the human, as opposed to the economic arguments, are in marketing. As one youngish, CI non-working, shopper put it, "I'd be going to the Co-Op every Thursday as it's a bit of a long I suddenly realised that I kept seeing the same people... no, we'd never talk to one another just see the same faces at the same time... so I changed on Friday and I probably change again soon". This must be worrying news for the Co-Op.

Fresh

The psychological problems of corner shops are revealed in a couple of remarks. "Because so many people use Sainsbury's the goods must be fresh... I'm always a little doubtful about the stuff in corner shops, and again... The local shop's great. It opens at 7 in the morning and closes at 9 at night... it's even open almost as long on Sunday. I don't use it that often, but it's nice to know it's there."



Tony Kirk

The great problem of the last two years for marketing companies is that workers (in employment) have managed to keep ahead of inflation, but they have not been passing on their pay increases to their wives. As one says, "I haven't had a rise in two years. I drop hints every so often when the going gets tough, but there's no point asking for more." Another husband sounds more pig-like. "He says it's my problem. He looks around for the cheapest petrol, he says he drinks less and smokes smaller cigarettes. His money stretches, therefore mine must, too."

Sometimes the housewives difficulties are of their own making. For example, the research revealed that very few shoppers made lists. "Lists are a waste of time—whatever sticks to them? I simply look around the shelves and I mean you usually know roughly what you want." Another headache is the presence of children. "Kids are a real nuisance. I reckon they put 50 pence each on my bill when I have to take them."

On the whole husbands are also regarded as a liability. "He comes along about once a month. We always end up with things we don't want or don't like. The last time he came we started wine making, the time before that we bought a lot of beer (we've still got it); the time before that some expensive pickles (we've never opened because he went off them); and before that some funny sauces for a foreign dish he fancied. It's cheaper to leave him behind."

A great cause of complaint was waiting at checkouts although most shoppers were philosophical. Research suggests that the weekly shop in a busy supermarket takes 45 minutes, but passing through the check outs could add 15 minutes more. The survey suggested that most housewives, especially non-working ones, speed just as much as they expected on a shopping trip. Working wives more frequently spent more, but could usually justify the extravagance.

One finding from the study was that many housewives shop in their local supermarket in an almost automatic fashion. They followed a set route, and took items from the shelves instinctively. They very much disliked the idea of the stores changing the lay-out.

Perhaps the most useful fall-out from interviews with shoppers is their reactions to the type of store they prefer, and, of course, the local shop, with its reflected their own character—which is a big vote for variety. Some liked friendly chaos; others clinical efficiency. No chain seemed capable of satisfying all the sample, and price by itself was not a sufficient incentive to make a housewife switch her loyalties.

Conclusion

From the mass of quotes Business Decisions derived some broad conclusions, most of which are predictable. Shopping for groceries is a weekly event, with "topping up" the week following. A supermarket is the source of the weekly shop, with an indication that housewives now prefer to keep Saturday free for their families, and are switching to late evening shopping on Thursdays and Fridays. Working wives find shopping a chore while non-working wives consider it an event.

Although housewives believed that prices varied from supermarket to supermarket few were prepared to shop around for bargains. They also tended to shop on a replacement basis, replenishing those items consumed since the last shop.

Inside the store housewives tended to buy goods that by tradition and intention they claimed to buy elsewhere. Products like meat, bread and vegetables, were acquired for convenience in the supermarket rather than, as planned, at specialist local shops. Special offers fell into three categories. First, markets where there is always a brand on offer, such as the toothpaste sector. In this area housewives waited until they needed a new supply since there was no need to hurry and there is limited brand loyalty. Then markets, such as pet food, where the favoured brand might only occasionally be on offer and the housewife buys as much as possible. Finally there are the markets, such as biscuits, cakes and chocolate, where the shopper finds it hard to resist a tempting bargain.

Housewives viewed their children and husbands as liabilities, making demands on their shopping skills, rather than allies. Husbands are often falling to pass on pay rises, and wives are forced to adopt balancing tricks with their budgets to maintain shopping standards. Working wives are much better placed here. Finally shoppers are aware of the psychological placing of non-reflectory displays by check-outs, but think they have made a discovery when similar lay outs are adopted in other parts of the store.

Yet another director is leaving Brownes—Tony Holman is joining former Bates colleague Leon Lerner at Leon Lerner and Partners. Lerner, who set up his agency a year ago, is forecasting billings of £4m. in 1977. Main accounts are the Sun and News of the World; Williams Furniture; and Etam.

Two new directors at AGB are Jerry Cannon and Christopher Snow.

Roy Martin, promotions director at MS Surveys and Promotions Services, the Osborne below-the-line company which produces the annual survey on promotional activity, is setting up his own company, specialising in grocery markets.

TV COSTS

Many advertisers pay too much

BY BOB JONES, MEDIA AUDIT

THE Great ITV Rating Drought of recent months has left many television advertisers feeling that they are paying for audiences they are not getting. Not surprisingly the television companies are past in the role of villains. While the Incorporated Society of British Advertisers and the Institute of Practitioners in Advertising take on the task of detection and retribution, individual marketing directors, seeing costs looming towards 300p per thousand housewives in London, may feel that time and money are slipping away from them. What can they do to safeguard their company's position?

On the evidence of the Cost Rating Index, quite a lot, for the cost increases are by no means spread evenly over all advertisers. Here are five questions the wise advertiser might be asking himself together with some practical observations based on evidence from the Cost Rating Index.

1. Where does your company stand in the Television Cost League?

The serious decline in ratings, combined with continued high demand for air time, has meant that the differential in cost between some advertisers and others has increased alarmingly. It is a natural result of the availability of fewer good value breaks, but has meant that the buyer can only succeed by spending more and more time in refining his schedules.

Upper half

The CRT has now examined more than 30 major advertiser's buying achievements, and a typical distribution of performance is shown in the Table. Clearly these advertisers in the upper half have either been fighting a very successful competitive battle for time, or else they have not up to now realised their buying performance was below par. On the whole it seems to have been the latter.

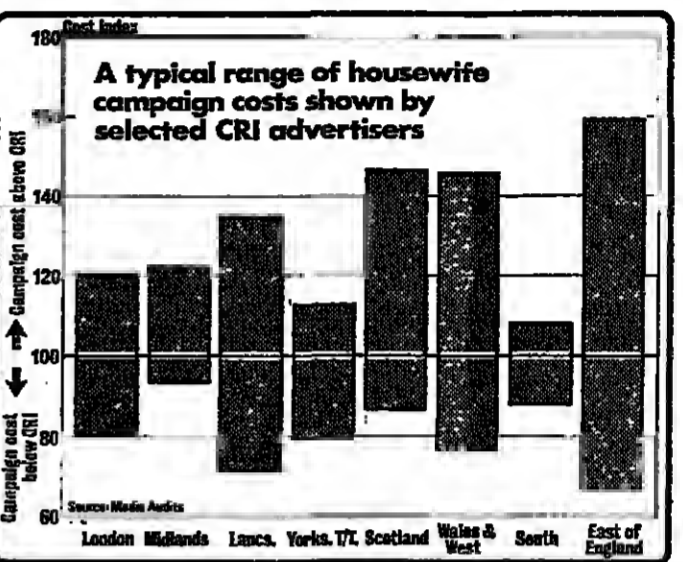
While the ranges vary from area to area early month, in this particular case the smallest variation (Southern) shows the "cheapest" advertiser paying about 20 per cent less than the most expensive while in the widest range area (Anglia) one advertiser is paying 140 per cent more than another!

Do you have an objective measurement against which to compare your company TV costs?

Few advertisers seem to have any realistic measure for knowing whether they are faring well

In the first few months of 1976 a number of major TV advertisers were brought together to pool information about the actual price they paid for TV time. This has become known as the Cost/Rating Index. Each subscriber retains the confidentiality of his own results but has an objective check on his own buying strengths and weaknesses against an authoritative, continuous and up to date index of similar advertisers. The CRT has thus provided a more intense and realistic study of competitive buying than has been available before. Here Media Audit, the sponsoring company, puts some of the lessons of the first few months into the context of ITV's recent rating troubles.

competitively or not. They have advertisers who do well in one been content to accept either period or area and badly in "targets" (normally set by one others. Perhaps this is not surprising, or so called "industry pricing in view of the absence averages", based on total television objective monitoring in the past. Such advertisers have just estimates of how this breaks not known that their performance is erratic. Unfortunately the pattern of one source to another, such erratic advertisers is



Most self-respecting television advertisers should expect to heat costs in the lower-demand real "Industry Averages" if periods but suffering badly when these were reliable. Unfortunately the market becomes really competitive and expensive. Diagnosing how misleading they can usually be. The good advertiser who usually has a much lighter rein on his buyers, rides the relatively expensive but periods much better, and it is here that the extra time the good advertiser's buyer spends in negotiations really seems to pay off.

Are you getting the best buyer working for you? Evidence from the CRTI shows that variability of buying performance within agencies is often greater than that between agencies. On the one hand the 300 or so buyers handling nearly £300m. a year turnover, vary widely in experience, while on the other, television companies' sales policies have shifted the whole onus of cost performance to the individual buyer. Add to this the television companies' various systems of allocating airtime to agencies to spread over their clients, and individual advertisers' wide degrees of media interest and knowledge, and it is not surprising that the variation is so wide. A blend of experience, sustained enthusiasm and, above all sufficient time constantly to improve schedules, are the ingredients of successful buying.

Some CRTI advertisers have benefited from a questioning of the constraints they have put on time buyers in the past. In these hard times some have been found to be too restricting; other advertisers who had none have found it helpful to establish some guidelines. For example, the facility to quantify through the CRTI, the cost penalties resulting from inability in terms handling money well in advance has persuaded at least one advertiser to overhaul his whole budget commitment procedure, finding it easier to force decisions when precise figures are put on the surcharges he will have to pay. Many advertisers have notional "television buying policies." Relatively few are rigorously implemented. Fewer still are questioned often enough in what is after all a highly volatile market.

All these things add up to a welcome move towards real TV accountability by more advertisers. Unhappily, too many are still only paying lip-service to television cost control. On Media Audit's evidence, companies with a history of involvement and interest in the buying of their television time can achieve 20 per cent better value than the market. Moreover they have managed to control their cost increases this year over 1975 much more successfully than the market in general. It all suggests that the wise advertiser should stop sticking pins in effigies of the TV Companies' Sales Directors, accept that he is in competition for the best times with every other television advertiser, and concentrate more resources on getting a better deal than other advertisers out of the competitive market as it exists.

Tic Tac flipped, Seiko watches sold in no time at all, and it was a very good Christmas for Turkey on Southern

Southern Television's high proportion of ABC's, its close demographic similarity with London, and its special rates make it a leading Test Market area. Recent big successes include Birds Eye Cheesecake, 4-wheel drive Bobcat, Elbeo Hosiery, Tic Tac Mints, Buxted Foods, Ramsbury Building Society, Seiko Watches and the Turkish Tourist Office.

It pays to Test Market with Southern.

SOUTHERN TELEVISION

For further information contact Brian Henry, Marketing & Sales Director, Southern Television Limited, Glen House, Stag Place, London SW1E 5AX. Telephone: 01-834 4404.

MARKETING APPOINTMENTS

Non-Food Marketing into the 80's Challenge and opportunity for a marketing planning professional

c. £6,000 p.a.

The CWS, employing about 30,000 people, is one of Britain's biggest businesses with an annual turnover in excess of £1,000 million. £200 million of this is generated by our Non-Food Division which has substantial manufacturing and wholesaling interests, principally in household durables, clothing, footwear and textiles.

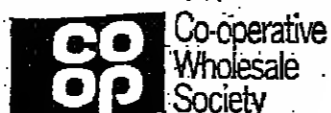
As part of a major re-appraisal of our trading strategies we are extending the marketing function of Non-Food Division and we have an opening for a highly professional and able Marketing Planning Manager to join the team.

Reporting directly to the Non-Food Marketing Manager, your responsibilities will cover market identification, product information and sales planning and will include the commission of research from our Market Research function. The successful man or woman, educated to degree level in economics, should be able to demonstrate a practical knowledge of statistical planning and should currently hold a responsible

position in a consumer oriented environment—ideally within a large non-food multiple retailing organisation.

The Marketing Planning Manager will assist in planning the development of Total Co-op Non-Food trade into the 1980's, with emphasis on fashions, men's wear and footwear, and so knowledge of these product areas is essential.

If you feel that your numeracy and market planning expertise can positively contribute to this important marketing development, please write or telephone for an application form to: Ian Mansour, Management Development Adviser, CWS Limited, New Century House, Manchester M60 4ES. Tel. 061-834 1213 Ext. 5366.



To: Michael Ryan, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY. Please send me one free copy of a National Businessman Readership Survey January 1977 (tick) Please send _____ (complete as copies) I enclose cheque. (complete as required)

Name _____
Position _____
Company _____
Address _____

FINANCIAL TIMES MEDIA RESEARCH CENTRE A National Businessman Readership Survey conducted by MAS Survey Research Ltd. on behalf of the Financial Times Limited



THE FINANCIAL TIMES

(Established 1888)
Incorporating THE FINANCIAL NEWS
Head Office Editorial & Advertisement Offices
BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF

British Airways joins the guarantees war between package tour operators. Arthur Sandles reports

A nasty turn to events for the travel industry

The start of a long road

IT IS NOW exactly two years since the financial markets emerged from their gravest post-war crisis and embarked on one of the most dramatic recoveries ever seen. The prices of industrial shares virtually doubled in three months; they now stand at much the same level as they attained in that first burst of recovery, though subsequent gains have not withstood two years of deepening economic gloom.

Against this background, the latest developments in the economy fall neatly into place. The investment intentions survey of the Department of Trade confirms the picture given by other recent surveys: faced with a flat or declining home market, and a sharply increased cost of borrowed funds, companies have been trimming or postponing the investment plans disclosed in earlier surveys.

The forecast level of £1.35bn. at 1970 prices is still 14 per cent. lower than in 1970 itself, and 3 per cent. below the subsequent peak in 1974. Meanwhile the forecast by the Chancellor that interest rates can now be expected to fall, especially in the second half of the year, now offers only deferred hope; and the apparent inflow of nearly \$450m. during December, despite the current account deficit, is a reminder that we are

Unnecessary oil deal

THE REASONS for the existence of the British National Oil Corporation become more difficult to discern with every new move it makes. Its latest act, the participation agreement signed by the Government, Shell and Esso, and the BIOC yesterday may seem at first sight like a success for the Labour policy of quasi-nationalisation of North Sea oil, but it very quickly becomes clear that the BIOC has in fact been made even less useful than it was before, while the Energy Secretary, Mr. Anthony Wedgwood Benn, has been obliged to modify his original position.

Under the new agreement Shell and Esso will use all the oil they produce in the North Sea, although one piece of paper will be filed away saying that what comes out of the pipeline has been bought by BIOC at current market prices while another will be put in a file to record that it has within the same instant been sold back. In return Shell and Esso employees will teach the BIOC about the oil business, and the Government will have access to investment, trade and policy planning information.

Happily this is a long way from the original proposal that the Government should buy a 51 per cent. stake in the fields in the North Sea, and only in a politician's eyes does it come anywhere near to the spirit of the original intention of giving the BIOC genuine control over 51 per cent. of the output. As matters stand that control will now at the very most cover a third of the expected output of the North Sea, and then only if anticipated royalty payments are taken in oil rather than cash.

THE first week of January is usually one when the travel industry mans its telephones and struggles with the flood of bookings resulting from Christmas advertising. This year, however, events have taken a nasty turn. Market leader Thomson Holidays' Christmas present to the trade was a "no surcharge" guarantee, a move which has intensified the price war in the industry.

The guarantees war which is now in full flood is only a symptom of much deeper problems within the industry. The plain fact is that for nearly four years now there has been no room for growth in the business, only the demise of the giants Clarksons and Horizon providing a brief respite from the pressure. Now it is questionable whether there is even room for survival. There will be a sign of relief in the industry if 2.5m. package tours leave Britain this year.

In 1973 the total was 4.3m. That 2.5m. could be carried by Thomson, Cosmos, Horizon, Midalods, British Airways, and Laker, with a bit of stretching. It would, however, leave nearly 200 other tour operators of varying size without any business at all. That is the measure of over-capacity in the package tour business at the moment.

Just how bad the position is can be seen by the way in which Thomson has been forced into the guarantee business. Until a matter of a month ago the Thomson management was still fairly confident that its reputation would see it through. It felt that the guarantee game was too dangerous, involving as it does an open ended assurance to customers that even if sterling drops by 50 per cent. against the peseta the price remains the same, and that customers would go for the security of the big name rather than some eye-catching campaign.

Some years ago Mr. Vladimir Raitz, head of Horizon Holidays found to his cost that he could not trade-up in the mass market. His customers simply refused to pay the sort of price that was necessary to sustain a quality product. Now Thomson appears to have found that it too cannot rely on brand loyalty when the position is wavering cash carrots. Down-market rivals Cosmos—number two in the package tour league—guaranteed prices at the very start of its campaign and in the end Thomson had to come into line. Industry reports indicate that Cosmos, in some areas of the country at least, has been running ahead of Thomson in pre-Christmas bookings. No market leader can afford to

ignore that sort of warning firm contracts—in other words until the customer makes a booking—so that this possibility is to some extent forbidden to them (Cosmos may have used group resources to overcome that particular problem). The idea of guarantees in the first place was to give the customer peace of mind. Another company, Olympic, which fixed prices from the start, reckons that the additional business generated more than compensated for the risks involved. At first glance the formula seems to have worked. Mr. Sid Silver, managing director of Cosmos, reckons that his bookings over the past few weeks have been 20 per cent. up on last year. Even if it carries on this way Mr. Silver has no intention of increasing his capacity. "I would sooner



The men behind the war (left to right): Mr. Gerry Daper, British Airways managing director and the one who announced a BA package-tour price cuts yesterday; Mr. Francis Higgins, managing director of Thomson Holidays when the programme was prepared and now assistant managing director of the Thomson Travel group; and Mr. Sid Silver, managing director of Cosmos Tours, first of the big three to guarantee prices.

Most of the larger British tour operators base their prices on the exchange rates published in the Financial Times on an agreed date. For the summer 1977 brochures this date was July 6, 1976. Below is a comparison of the rates published by us on that date with those being quoted yesterday.

Table with columns: Country, 1976 rate, Rate now. Includes entries for U.S.A., Austria, France, Greece, Italy, Portugal, Spain, and Switz.

The U.S. rate is of particular importance since it affects not only air fares but also hotel tariffs in those countries where contracts are in U.S. dollars, such as the Caribbean. The rates are commercial and do not apply to across the counter tourist transactions.

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But then quite what the Committee—born from the Labour NEC's proposals to nationalise clearing banks and insurance companies—is meant to do is far from clear. The terms of reference boil down to three issues: reviewing the provision of funds for industry (somewhat the Nedic Committee under Sir Eric Roll is

fall in business this year there is likely to be a wave of "consolidations" which is another way for the travel trade to tell you that your holiday has been cancelled. Unconsolidated customers are offered alternative arrangements, usually involving different times and, possibly different resorts, even different countries. The break even for most tours is an 80 per cent. to 85 per cent. load factor on an aircraft. This year some companies may have to aim even higher if they are going to pay for their guarantees, perhaps as high as 92 per cent. This means that if a company has a dozen 120-seat flights going out in a week, and there is an average of 80 people on each flight, that company must either consolidate by cancelling four flights and filling up the remainder, or lose money. Finding hotel rooms these days is not difficult, even at short notice.

Unfortunately for the tour companies this is exactly what many customers are doing, and are being encouraged to do so by tour operators who offer last minute price reductions. Last year saw the crumbling of resale price maintenance in the travel business and 1977 will see its end. The result of this is that next summer will see a wave of price cutting as the companies scramble to fill the last seats at any price. Once again it is back to the load-factor. Once 80-85 per cent. has been reached, every passenger carried is sheer profit—at least as far as the air fare is concerned. On a normal Mediterranean run this would be £40-£45. This a company can count by perhaps £20 and, provided the load factor is above the magic 85 per cent. with full fare passengers, the remaining £20 or more is profit. Thomson led the way with last minute discounts last season, and there is no reason to think the same thing will not happen again this year.

The danger in this game is what the trade calls revenue dilution, and the rest of the commercial world calls he diminishing returns. This waving goodbye to £500 every year you are offering in order to attract off-peak business prove so attractive that they divert normal custom to the cheaper products. It is a pitfall that awaits all who sell anything: the shop whose sales bargains are so good that no-one bothers to buy in the weeks before the New Year or the airlines that offer such splendid excursion

But the pitfalls remain. Keating will be taking over as the Irish Government's "tor Arthur Sugden of the Co-op under his banking hat), one, and only one, representative of the institutions, one accountant, one journalist, one ex-Prime Minister and four academics. The academics do not include any of the economists with strongly critical views of the City which one might have expected, say Roger Oprie or Brian Griffiths. But then one thing Sir Harold's committee certainly is not—in contrast to the Press Commission membership, or the Bullock Committee on worker participation—is packed with Left-wingers.

Ireland's man for London THE IRISH, as is well known, have a different way of doing things. In Whitehall it would be considered more than strange were the permanent head of the Foreign Office to be "demoted" to an Ambassadorship. But that is precisely what the Irish have done with their announcement that Permanent Secretary Paul Keating will take over as Dublin's Ambassador at the Court of St. James towards the end of February. And Keating's predecessor in the top job at Ireland's Foreign Affairs Department, Hugh McCann technically stepped down to become Paris Ambassador.

But how likely is all this to produce a collapse in the travel business? Among the big operators, the probability is low. What reduced Clarksons to ruins to some extent was the massive in-built overhead. Clarksons was designed for growth and in order to cope with that growth it had substantial long-term contracts with hotels and for aircraft. Once the traffic fell off those contracts proved to be a millstone. To-day the tour operators have much less of this fixed investment.

About the small operators there must be greater worry. An operator with two or three flights a week obviously does not have the same room for consolidation as someone with a bigger operation. If his load factors are down to 60-70 per cent., he may be stuck with them, unless he can find someone who is doing even worse who is willing to share some flights with him. Thus instead of making £40 on every passenger over the 80 per cent. mark, he is losing. He could be diminishing returns. This waving goodbye to £500 every year you are offering in order to attract off-peak business prove so attractive that they divert normal custom to the cheaper products. It is a pitfall that awaits all who sell anything: the shop whose sales bargains are so good that no-one bothers to buy in the weeks before the New Year or the airlines that offer such splendid excursion

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Paul Keating's appointment to London is in many ways, though a diplomatic promotion. With an Irish population in Britain of nearly 1m. and the delicate Anglo-Irish relationship promoted by Ulster's grumbling bureaucracy, London is the key position. At present, relations are warm and friendly, and even became closer in the aftermath of last July's Provisional IRA murder of Britain's envoy to Ireland, Christopher Ewart-

fears that no-one buys a normal ticket. The tour operators have been caught like this once before. Six winters ago there was a cur price weekend war. At the time it was argued that so much airline/hotel capacity was being built for the summer period that it was worth offering packages at operating costs only, simply to keep the operation ticking over. What happened was that the rush to buy these cheap packages was so great that they became a considerable administrative burden and thus a loss-making operation. Cheap weekends abroad are now a thing of the past.

Now, however, the package tour business is off on a selling campaign which is based on similar tactics. The problem is that many customers may notice that since brochure prices are now guaranteed; that since last minute discounts are a near certainty; and that since consolidations are likely, the arguments for booking a long way in advance are minimal. Only someone with very specific requirements, perhaps a popular hotel in peak school holiday time, would seem to need to worry very much about making an early reservation. But if you are in this position, try to get your agent/operator to guarantee that you will get what you have booked — the response could be interesting.

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MEN AND MATTERS

Sir Harold's team for the City

"Maybe I can add a little bit of common sense. I think I shall know instinctively some things that the others only understand academically." Zachry Brierley's reaction to being read a list of fellow Wilson Committee members must be echoed by many industrialists. Brierley, 66, whose private company in North Wales makes specialist sharpening machines, exporting 93 per cent. of production, is the one representative on Sir Harold's team to look at financial institutions who represents industry at anything less than the giant level.

Unless one credits the TUC pair of Lord Allen and Sir Lioloe Murray with carrying industry's torch, then Brierley's only colleagues from industry are David Orr, chairman of Unilever, and Sir Kenneth Bond, deputy managing director of GEC. Companies of their size and profitability don't, for the most part, ask much of the City. They do not need specialist advice—their own finance departments amounting to an in-house merchant bank—and the capital markets are a salway when they need to issue fresh stock. The bulk of industry, which possibly needs the City more than it realises, or more than the present City structure can provide, appears to have little muscle in this team.



What he really needs are a few poachers turned game-keepers! already doing, with another year to go under its present mandate; looking at the supervising of financial institutions (something the DOT has already pronounced on — it does not want an SEC-style body — and where the solution of enlarging the Take-over Panel is already being promoted); and third, nationalisation. The remaining mandate is to inquire into "the role and functioning" of our financial institutions, a task which could go on for as long as anyone wants it to. Such inquiries seldom fail to produce fascinating reading. In addition this one, whenever it is published, will probably be spiced by some minority reports for it is hard to see Clive Jenkins, for one, missing the chance to disagree with senior clearing bankers. But its direction and relevance have already been queried, not least by the City itself, worried by the absence of anyone with a full-time working knowledge of the Stock Market or merchant banks.

Apart from the three industrialists and four trade unionists, the roll call comprises three bankers (that is including Arthur Sugden of the Co-op under his banking hat), one, and only one, representative of the institutions, one accountant, one journalist, one ex-Prime Minister and four academics. The academics do not include any of the economists with strongly critical views of the City which one might have expected, say Roger Oprie or Brian Griffiths. But then one thing Sir Harold's committee certainly is not—in contrast to the Press Commission membership, or the Bullock Committee on worker participation—is packed with Left-wingers.

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What would it cost to lose your sight?

Possibly your independence. Probably your career. Perhaps your own security and that of your family. And certainly your peace of mind. Suddenly all the important things it's taken a lifetime of work to build begin to crumble. Yet this need not be the case. Your legacies and donations to the RNIB help maintain and extend facilities like braille literature and music, Talking Books, rehabilitation centres for the newly blind, homes and holiday hotels, training and employment schemes, research and over 300 special aids for use in everyday life. Why not turn a thought into a gift of money now.

RNIB ROYAL NATIONAL INSTITUTE FOR THE BLIND
224 GREAT PORTLAND STREET, LONDON W1N 6AA
Under the Finance Act 1975, bequests to charities up to a total of £100,000 are exempt from Capital Transfer Tax. Registered in accordance with the National Assistance Act 1948.

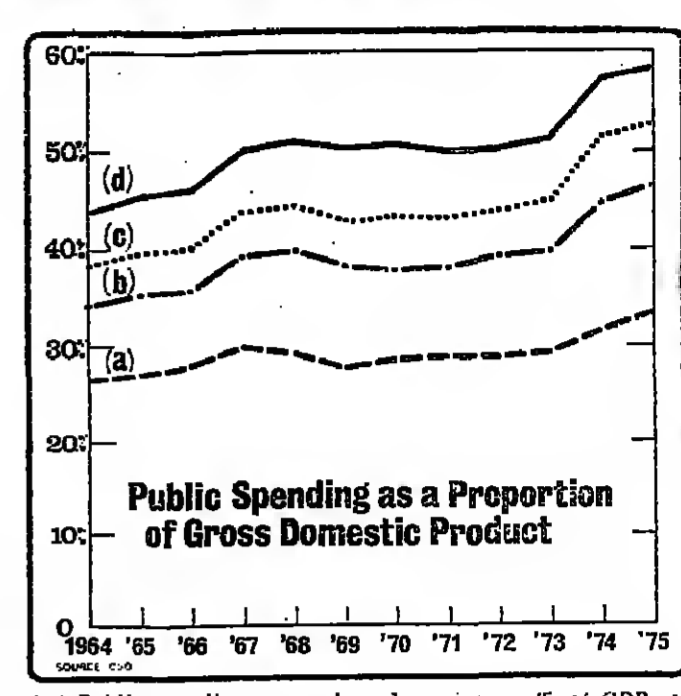
ECONOMIC NOTEBOOK

An open reply from Milton Friedman

DEAR SAM: Your open letter to me of December 2, 1976, is a delight, serving the real function of civilised discourse...

countries are in a transitional period... Inflation tends not only to be higher, but also increasingly volatile...

and me—at the expense of the two extremes, the very poor and the very rich (George Stigler designated this "Director's Law")...



(a) Public spending on goods and services as % of GDP at factor cost...

Light on spending

By Samuel Brittan

I am delighted to have elicited the above, very helpful, clarification from Professor Friedman. It might be worth using the remaining space to shed some light on the movement of public spending in the U.K. The chart shows the movement of public spending according to four different definitions...

Letters to the Editor

Gilbertian at best

From Lord Camoys: Sir—In his admirably clear taxation article entitled "Away from Home" (December 24), Mr. David Wainman has set out how the Inland Revenue in the "consultative document" proposes to implement the Chancellor of the Exchequer's recent decision...

Measures of wealth

From Mr. K. McInnes: Sir—You might consider whether to run a weekly section devoted to correcting impressions which so many people seem to get by accepting the pound as a standard measure of wealth...

Local authority income

From The Chief Executive Gloucestershire Council: Sir—We are particularly interested to read the article by Mr. Jones (December 17) entitled "Paying for those local services"...

Spreading holidays

From The Secretary, Birmingham Chamber of Industry and Commerce: Sir—I refer to the article which appeared on December 30 concerning the reactions of foreign businessmen to the Christmas shutdown in many British factories...

The tax trap

Sir—Mary is married with two children aged 13 and 15 and her husband earns a salary of £10,000 per annum, claims income tax allowances of £2,500 and pays tax at 50 per cent on his highest band of income...

To-day's Events

- Show, Earls Court. Camping and Motor Caravan Exhibition, Olympia. Model Engineer Exhibition, Wembley Conference Centre. OPERA: English National Opera production of A Night in Venice, Coliseum Theatre, W.C.2, 7.30 p.m. D'Oyly Carte Company in The Mikado, Sadler's Wells Theatre, E.C.1, 7.30 p.m. BALLETS: Royal Ballet dance Swan Lake, Covent Garden, W.C.2, 7.30 p.m. SPINNET: President's Putter, Rye, Tennis: British covered chairs luncheon-championships, Queen's Club, Earls Court.

Backhanders.

To all our readers blessed with an IBM computer lease, a happy new year. Your rent's just gone up. With perfect timing, IBM have wished on you some splendidly back-handed compliments of the season...

TELEX Plug-in alternatives to IBM peripherals. Backhanders No. 1, 2, 3. A rent-free 45-day trial of our IBM-equivalent tape drives. Then, when you're delighted, you can keep the equipment at 25% less than the new IBM figure...

There is also a suggestion that the Inland Revenue will not exempt income earned under a separate overseas contract where the daily rate is greater than that earned by the individual in his U.K. employment...

Agriculture in Iran

From The Press Attaché, Imperial Iranian Embassy: Sir—With regard to Robert Graham's article, "The failure of large-scale commercial farming in Iran—a most troublesome experiment" (October 21, 1976), could I be allowed to pass on some comments from the Iranian Ministry of Agriculture and National Resources?

Work, not play

From Mr. R. Kimberley: Sir—Given a five-day working week and allowing three weeks for annual holidays the three extra days' holidays (December 27, 28 and January 3) to which we have helped ourselves this year by disposition of our Government represents 1.2 per cent of the working year...

Letting rooms

From The Housing Policy Officer, Shelter: Sir—Mr. David Liss (December 21) suggests that Shelter promote a bill to allow resident landlords to let rooms for a fixed term. The simple answer to this suggestion is that the 1974 Rent Act, which Shelter supported, already allows resident landlords to let for a single fixed term. It seems a pity that this fact is not more widely known.

COMPANY NEWS + COMMENT

Waddington recovers to top £2m. midway

PRE-TAX PROFITS more than doubled from £921,000 to £2,025,000 are reported by John Waddington for the 28 weeks to October 10, 1976. Sales expanded from £15,938m. to £18,733m. Tax takes £1.1m. (£0.56m.) while minorities add £7,000 (same).

HIGHLIGHTS

Once again merger activity took the limelight from company results. Kade International announced that an offer may be made by an unnamed group for the company—news that sent the shares 11p higher at 55p.

January 24. A first payment of 4p was made in January last year. The liquidator says that he would not at this time like to forecast on the prospects of a further distribution in the near future but will report when he re-audits accounts for the second year of liquidation in the spring.

Ratners to reach record

ON TURNOVER ahead by 29 per cent to £4.24m., pre-tax profits of Ratners (Jewellers) increased from £382,492 to £375,407 for the six months to October 6, 1976.

The greater part of profits are earned in the second half and since the half-year end sales have continued at a high level, culminating in another outstanding Christmas season. Accordingly, the directors look forward to record full-year profits compared with £1,058m. in 1974-75 and £0.92m. last year.

The interim dividend is raised from 0.632575p to 0.87775p net per 10p share—last year's final was 0.568575p. A bonus share scrip issue is also proposed.

Continued aggressive marketing policies, together with the increased number of branches, as a result of previous years' expansion, has contributed substantially to the increase in sales, say the directors.

The growth in profits is particularly encouraging as comparison with the year-end figures included the VAT-concession boom, they tell members. Additionally, inflation has affected results even more adversely than before, and the initial expenses connected with new branch openings are at record levels.

In continuation of plans for expansion five new branches were added in the first half, all of which are trading successfully. They are at Bristol, Slough, Hounslow, Derby and Mansfield.

Since the end of the half year five further units have been added, all of which are also trading successfully, at Manchester, Edinburgh, Sunderland, Kingston-upon-Thames and Birkenhead. Further branch openings are planned for 1977, and propositions are constantly under consideration.

With jewellery sales remaining surprisingly buoyant, Ratners is looking for record year-end profits of around £1.1m. on turnover up 30 per cent to £1.1m. This suggests the second half will generate £723,000 profits, a 30 per cent rise on the comparable period, whereas the first half managed only a 1 per cent. However, since the first half produces only 40 per cent of sales it carries a disproportionate overhead burden.

The sharp reduction in VAT from last year's 23 per cent should continue to help margins, while a dozen new stores, of which three are already trading, increase turnover. The shares moved up 4p on the interim results, and at 80p the prospective p/e is 4.5. The maximum dividend, covered nearly eight times, would yield 4.4 per cent.

Birmingham Pallet setback

WITH SALES marginally lower than in 1975, Birmingham Pallet Group is now doing well for the first half but not to the extent envisaged at the time of the interim statement. However both sectors of the business are now experiencing a higher level of activity which, if continued, should lead to an improvement in profits for the current year, say the directors.

A final dividend of 4p net (3.5p) per 10p share raises the total for the year to 5.5p (5p). Earnings per share were down at 7.03p (12.51p).

The interim dividend is raised from 0.632575p to 0.87775p net per 10p share—last year's final was 0.568575p. A bonus share scrip issue is also proposed.

In the steel stockholding field it remains policy to try to build a national operation, perhaps involving some acquisitions. However, in the architectural products division there are no plans to expand beyond the Cardiff base but the foundry division should grow and there is agreement in principle on a programme of further development.

The chairman believes that the business of steel stockholding will grow, partly as a result of ever increasing cost of borrowing money to finance industrial development—thus, high interest rates could work in the company's favour in 1977.

In the foundry division, he is confident that further progress will be made in selling abroad during the year. For architectural products, with the certainty of cuts in public expenditure, the year ahead "is going to be as difficult as 1976 has been." Saudi Arabia is proving to be interested and he is hopeful of securing contracts for windows to be erected in various Middle Eastern countries.

Meeting, Cardiff, January 28, noon.

J. Williams expects progress

IN FUTURE years, John Williams of Cardiff should increase his return on capital employed and on dividends paid, Mr. H. Williams, chairman, tells shareholders.

If the nation is able to inspire self confidence, he confidently predicts a further increase in pre-tax profit and even if the authorities fail to give the lead, the company will still do well in comparison with its competitors.

In the steel stockholding field it remains policy to try to build a national operation, perhaps involving some acquisitions. However, in the architectural products division there are no plans to expand beyond the Cardiff base but the foundry division should grow and there is agreement in principle on a programme of further development.

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Meeting, Cardiff, January 28, noon.

TELFER PAYS 2p DISTRIBUTION

Department store operators, Telfer and Co., in voluntary liquidation since February, 1975, announces a second distribution of 2p per 10p share, payable on

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date of payment, Current dividend, Total dividend, Total last year dividend. Includes Birmingham Pallet, Geover Tin, Ratners (Jewellers) Int'l, John Waddington, Dividends shown pence per share not except where otherwise stated.

Good start at Matthew Brown

IN HIS annual statement, Mr. C. J. Ainsworth, the chairman of C. W. Brown, at, Matthew Brown and Company says that trade has held well in the first eight weeks of the current year after a general price increase during October, is marginally up on last year.

Group profits for the first quarter were modestly ahead of those for the corresponding period of last year, he added.

The group had experienced increasing price competition in several areas of export business, both from indigenous and other European manufacturers. Overseas manufacturing subsidiaries reported similar situations but had, in general, maintained their previous sales volumes.

Mr. Palmer felt that the short term outlook was moderately encouraging but it was impossible to make any confident forecast of the year's result. Much depended on whether the recent modest recovery in general business activity could be maintained through 1977.

After the September reports issue the Board is looking for a healthy contrast to last year's £195,000 cost of borrowing, but other factors affecting profits for 1976-77 are less predictable.

The cash proceeds of the rights issue, came to some £1.36m. net and are to be utilised in meeting the increasing production capacity for Slalom lager by completing the extension of the Worthington brewery acquired last August, and by installing a new lager plant at Blackburn.

Mr. Ainsworth believes the potential for Slalom lager sales requires the group to start brewing it as soon as possible at Blackburn. This will involve over £1m. By the end of May, 1977, Blackburn should produce a similar quantity of Slalom as brewed at Worthington.

The purchase of Worthington led to a re-organisation of all the Cumbrian activities and it is now the one centre in Cumbria. With the Cumbrian contributions to profits coming through at a steadily improving rate throughout the year, the total has exceeded original expectations, and the total for next year looks likely to surpass them still further, says the chairman.

For the year ended September 30, 1976, sales rose from £13,077m. to £19,077m. and pre-tax profit increased from £1,185,000 to £1,300,000. Bank and cash balances and short term deposits expanded by £688,000 (£299,000) and working capital by £432,000 (£357,000).

In the second half of 1975-76 trading progress was maintained, helped substantially by the summer, but rising costs, including large depreciation charges for a new bottling line and data processing equipment, reduced the rate of profit increase achieved in the first six months when profit was up at £696,000 (£520,000).

Beer at home sales continued to improve and sales of less-expensive table wines showed growth. A self service "bar at home" shop was acquired in Solihull and it is intended to develop further this side of the business. The free trade department is also becoming an increasingly important area of operations, says Mr. Swanson. In 1976 there was substantial growth in the sales of lager and sales of own-brand lager rose by 70 per cent.

A scheme is under way to increase the company's fermentation capacity which will become operative during 1977. During the past year planned steps were taken in the administrative reorganisation begun in 1975. Meeting, Birmingham, on January 25 at 12.15 p.m.

Dundee and London to pay at least 2p

Mr. Ian C. Low, chairman, says that estimates of revenue for the current year indicate that Dundee and London Investment Trust will at least maintain last year's dividend of 2p net per 10p share. As already reported, pre-tax revenue for the year to October 31, 1976, rose from £312,217 to £337,491.

During the year steps were taken to reduce the shortfall on currency loans by increasing the investments in these funds. This involved the company in further premium loss on the transfer of investment currency to foreign currency loan funds which has been charged to capital reserve. The directors are of the opinion that the present borrowings should meantime be renewed on a short-term basis when repayment becomes due. The cost of servicing these loans has increased with the devaluation of sterling, but this is offset to some extent by an increase in investment income derived from underlying assets. The whole question of currency loans is one which is under constant review by the directors.

The protection afforded to the company's valuation of investments by increasing exposure to overseas investments has partially offset the falling values of securities at home. In present circumstances, the Board considers that a continuation of this policy, within the framework of the need for gradually increasing revenue available for dividends, is still appropriate. Meeting, Dundee, on January 27, at noon.

Export potential at Moss Engrg. Mr. E. Carr, chairman of Moss Engineering Group, told the AGM that returns for the first quarter of the current year still suggested final results similar to 1976. Earnings per share, however, reach around 30 per cent of annual turnover compared with 9 per cent for the previous year.

J. H. Fenner ahead so far Mr. J. Palmer, chairman of J. H. Fenner and Co. (Holdings) reported at the AGM that turnover of the company for the first quarter of 1976/77 grossed that of a year ago in volume and value; home sales and exports both contributed to this growth.

Brasilvest S.A. Net asset value as of 31st December, 1976 per Cr\$ Share: Cr\$13,063 per Depository Share: U.S. \$9,769.13 per Depository Share (Second Series): U.S. \$9,173.81

Wellcome expands by 58% to £41m.

AN INCREASE of 58 per cent in pre-tax profit to £41m. is reported by The Wellcome Foundation, for the year ended August 28, 1976.

Sales, up 38 per cent, at £290m., have increased in all four operating regions. The increase includes £21m. due to the declining value of sterling. Eighty per cent of net profit has been retained to finance future expansion. Mr. A. A. Gray, the retiring chairman comments: "I feel confident that in any manageable economic circumstances, I can forecast further progress."

Expenditure on research and development rose to £23m. (£18m.) against 25 per cent of sale to third parties were outside the U.K. with direct exports rising from £44m. to £51m. During the year £18m. was spent on fixed assets and there is a further capital expenditure programme ahead.

"We now expect that the emphasis will move away from expenditure on production facilities to that on research and development," says Mr. Gray. Although total gross borrowings increased by £21m. during the year the net indebtedness after cash balances was virtually the same as the previous year. Short term net borrowings, however, declined by £6m.

There are signs that costs could rise rather more steeply in the immediate future with the decline of sterling as a major contributory factor. Sales estimates, however, continue to be buoyant. Sales 1974-75 1975-76 1976-77 Sales £290,000 300,000 329,000 Pre-tax profit £13,000 20,200 25,200 Taxation 21,800 15,100 15,800 Minorities 18,800 11,200 11,700 Extra-ord. profits 30 30 30 Ar. profit 14,200 14,200 14,200 Dividend 5,000 5,000 5,000 Reserve surplus 1,820 1,820 1,820 Reserves 25,170 25,170 25,170 Exchange profit 188,820 188,820 188,820

figures for the third quarter show an entirely different picture, however, and the photographic shops continue to benefit from the upsurge in spending on consumer durables. Barring unforeseen circumstances, the Board anticipates that results for the full year will be much more satisfactory and will provide ample cover for the dividend. Last year 1.21295p net per 10p share was paid from pre-tax profits of £73,125.

In the U.K. Wellcome products account for one in 10 of all prescriptions in those sectors where the group has a product to offer. Extended facilities for veterinary products went into production at Friesoythe in West Germany, and the company there

Kingdom of Saudi Arabia Wadi Sawawin Iron Ore Exploration

British Steel Corporation (Overseas Services) Ltd. are preparing an initial one year programme which will involve the core drilling of approximately 20 holes totalling about 2500 metres in the Pre-Cambrian Iron formation of NW Hejaz in mountainous country under desert conditions. This initial programme is likely to be followed by further drilling. Companies interested in receiving detailed specifications should apply by telex before January 15th, 1977 to: D.R.F. Hill, BSC (Overseas Services) Ltd., 151 Gower Street, London. Telex No. 265123

Slater, Walker Gas Industry and Power Trust

Slater, Walker Universal Second Trust have been amalgamated with

BRITANNIA GENERAL FUND

The scheme of amalgamation was duly approved at meetings of unit holders of the three Trusts held at Winchester House, 100 Old Broad Street, London EC2N 1BE. The allocation of units of Britannia General Fund (formerly Slater, Walker General Fund) to unit holders is as follows: For each "Gas Industry and Power" unit 1.97538 'A' units of Britannia General Fund. For each "Universal Second" unit 2.93538 'B' units of Britannia General Fund.

Holder of certificated units in the above Trusts will be sent new certificates for 'A' and 'B' units respectively in Britannia General Fund on the 1st March, 1977, and their old certificates will cease to have any value and should be destroyed. Holders of non-certificated units in the above Trusts will receive a "Statement of Units Allotted" on the 1st March, 1977 which will indicate the conversion of their present holdings. Existing certificates for Slater, Walker General Fund remain valid and are not affected by the amalgamation. With effect from 1st January, 1977 Slater, Walker General Fund was renamed Britannia General Fund. The Fund will be known as Britannia Universal Energy Trust after 1st April, 1977.

Britannia Trust Management Limited, 3 London Wall Buildings, London Wall, London EC2M 5QL

Lloyds and Scottish A Further Year of Growth



CONSOLIDATED PROFIT STATEMENT 1976 1975 £'000 £'000 Group profit before taxation 14,483 13,103 Group profit after taxation and minority interests 6,646 6,237 Extraordinary items (598) 50 Profit after extraordinary items attributable to Lloyds and Scottish Ltd. 6,048 6,287 Dividends 3,587 3,261 Profit retained in the Group 2,461 3,026 Earnings per share 6.55p 6.19p

MAIN POINTS FROM THE CHAIRMAN'S STATEMENT *Group profit before tax amounted to £14.5 million compared with £13.1 million in 1975—an increase of 10.5%. *INSTALLMENT CREDIT AND LEASING DIVISION —Growth in volume of corporate business tied to a published base rate. —Volume increased during second half of year. *INDUSTRIAL AND COMMERCIAL DIVISION —Higher profits from distribution, factoring and recent acquisitions. *Dividends per share have increased to 3.5337p, the maximum permitted under the provisions of the Counter Inflation legislation on company dividends, from 3.22615p last year. The year's dividend is covered 1.85 times.

FUTURE PROSPECTS —Diversification of the Group's activities has strengthened its ability to produce a creditable performance in spite of adverse economic circumstances. The principal involvement of the Group continues, however, to be in the instalment finance industry and events of the past few weeks make it hazardous to comment on the prospects for the current year. Since the end of our financial year, there have been increases in the minimum lending rate and the Bank of England has introduced a credit control on banks and deposit-taking finance houses. These factors will affect demand and the prospects for growth. We enter the New Year, therefore, in a climate of uncertainty. Over the years, however, the Group has had to face similar situations and has weathered the storms well; I am confident that it will continue to do so.

expands £41m. Mid-term at British Cinematograph

MINING NEWS

Success for ST and MIM at Teutonic Bore

LATEST drilling results from a further 13 holes put down by the Selection Trust-MIM Holdings partnership... The earlier reported assays from seven holes at Teutonic Bore could be some three to four times the initially indicated size of Selection Trust's successful South Bay mine in Canada with about twice the latter's metal grade.



at depth to the north. For purposes of comparison, Teutonic Bore could be some three to four times the initially indicated size of Selection Trust's successful South Bay mine in Canada with about twice the latter's metal grade.

Lower values have been obtained in the latest boreholes which have been drilled in order to obtain samples of shallow sulphides for metallurgical testing and to determine the strike limits of the find.

BIDS AND DEALS

Baker Perkins to buy out U.S. minority

Baker Perkins Holdings is intending to buy out the minority shareholders in its U.S. subsidiary, Baker Perkins Incorporated, for \$4m. (22.35m.). The offer for the 17 per cent of the company not already owned following a recent purchase by Baker Perkins of 44 per cent holding from members of relatives of the Conrad Peterson family at \$10.35 a share, which has been extended to other holders.

The offer would be conditional on Bank of England and Treasury approval together with the approval of the Baker Perkins Incorporated Board and by holders of two-thirds of the outstanding U.S. shares.

North American results at Baker Perkins Holdings last year were a turnaround from losses of £1.4m. to a pre-tax profit of £300,000, despite depressed trading conditions.

The parent company, Juvena A.G., is closing its U.K. subsidiary, Juvena (Great Britain) Holdings in the Juvena cosmetics business last October.

Anchor Chemical moves closer to Sartomer

IN A £180,000 capital injection the U.S. Sartomer Industries incorporated is to subscribe for 400,000 new fully paid Ordinary shares in Anchor Chemical at 45p per share. The issue represents 14 per cent of the Anchor capital as enlarged.

Approval having been received from the relevant authorities and the name of the company has been changed to Standard Chartered Merchant Bank, which reflects its new status as a wholly owned subsidiary of Standard Chartered Bank.

Confirmation that Kpde International, the computer peripherals specialist, had received a bid approval pushed the shares a full 11p higher yesterday to 57p.

Kode came in the market in 1969 when 1.15m. shares were offered to the public at the equivalent of 112 1/2 p per share.

Hanson Trust states that it has not purchased any shares in Whitecroft since December 21, 1976 when it announced proposals to make an offer to acquire the outstanding Ordinary capital of Whitecroft not already owned by it at 122 1/2 p per share.

Warren Tea Holdings—subsidiary of Warren Plantation Holdings—has acquired 32,000 Blythrye Tea Holdings Ordinary shares (10.92).

U.S. EXPANSION FOR MACDONALD EDUCATIONAL

Macdonald Educational, part of British Pricing Corporation, is forming a new U.S. publishing company to be jointly owned with Raintree Publishers of Milwaukee, Wisconsin.

WATTLE GULLY'S URANIUM CLAIM

Replying to a request from the Melbourne Stock Exchange for a further report on the Wattle Gully uranium claim, the consulting geologist of Wattle Gully Gold Mines, reports that the company's reported uranium find at Thatchers' Sock in Western Australia.

ASSOCIATE DEALS

Cazenove and Co. has bought 100,855 Golden Hope Plantations shares at 51p on behalf of Harcourt and Crossfield.

NEW LIFE BUSINESS

WORLD-WIDE life business figures for the Phoenix Assurance Group for 1976 show new sums assured up by 24 per cent to £1,195m.

TRAVANCORE'S SOUTHERN INDIA TEA BID LAPS

Travancore's improved but still contested offer for the 256,800 shares in Southern India Tea not already owned has lapsed with only 35,402 acceptances.

JUVENA PULLING OUT OF U.K.

Juvena A.G., the Swiss cosmetics concern, is closing its U.K. subsidiary, Juvena (Great Britain) Holdings in the Juvena cosmetics business last October.

BLACK AND EDGINGTON

Black and Edgington has signed an agreement to acquire the capital of Continental Tire Hire and Sales Service (Fareham) with effect from January 3, 1977.

SHARE STAKES

Warren Tea Holdings—subsidiary of Warren Plantation Holdings—has acquired 32,000 Blythrye Tea Holdings Ordinary shares (10.92).

RECENT ISSUES

Table of recent issues including EQUITIES and FIXED INTEREST STOCKS with columns for Issue, Price, and Date.

"RIGHTS" OFFERS

Table of rights offers with columns for Issue, Price, and Date.

Banking figures

Table showing banking figures including eligible liabilities, reserve assets, and special deposits for various banks.

London Clearing Bank's balances

Table showing London Clearing Bank's aggregate balances, liabilities, and assets as at December 8, 1976.

Individual Groups of Banks' Balances

Table showing individual groups of banks' balances including Barclays, Lloyds, Midland, Westminster, and Williams & Glyn's.

Saudi Arabia Ore Exploration Limited. er Trust. Trust. IA FUND.

Matthew Brown & COMPANY LIMITED

Advertisement for Matthew Brown & Company Limited, Lion Brewery Blackburn, including results at a glance and company information.

All these securities having been sold, this announcement appears as a matter of record only.

U.S. \$30,000,000

I.U. Overseas Finance N.V.

(Incorporated with limited liability in the Netherlands Antilles)

9 per cent. Guaranteed Bonds due 1983

Payment of principal, premium (if any) and interest is unconditionally and irrevocably guaranteed by

IU International Corporation

(Incorporated with limited liability in the State of Maryland, U.S.A.)

S. G. Warburg & Co. Ltd. Hambros Bank Limited

Banque de Paris et des Pays-Bas

Credit Suisse White Weld Limited

Westdeutsche Landesbank Girozentrale

Table listing various banks and financial institutions such as Allgemeine Bank Nederland N.V., A. E. Ames & Co., Amsterdam-Rotterdam Bank N.V., and others.

INL. FINANCIAL AND COMPANY NEWS

Venezuela to raise \$1.2bn. in major Euroborrowing

BY TONY HAWKINS

A GROUP of 18 banks is submitting a wholly underwritten bid to the Central Bank of Venezuela for a \$1.2bn. Euroloan...

Swiss lift ceiling on foreign bond loans

By John Wicks

ZURICH, Jan. 5. THE SWISS National Bank has set a ceiling of Sw.Fr.500m. for new money to be raised by foreign bond loans in January and February...

Bovis Berhad rights

BOVIS SOUTH East Asia Berhad said the bulk of 14.13m. shares of one Malaysian dollar each of its recent rights issue of 14.25m. shares was taken up by the underwriters...

DUTCH NEWS

Sales forging ahead strongly at Gasunie

BY MICHAEL VAN OS

GASUNIE, the State-controlled Dutch monopoly gas distribution company in which Shell and Esso each have a 25 per cent. interest, said that total sales have risen to 1.1m. in the past year...

AMSTERDAM, Jan. 5

Pastoral merger plan

TWO OF Australia's largest pastoral companies - Australian Estates and Australian Mercantile Land and Finance - are considering a merger of their agency business...

Same again at Lucas Bols

LUCAS BOLS, the large Dutch-based distillery company, is to pay a 1976 interim dividend which is unchanged at Fls.1 per share of Fls.10.

Ban on foreign borrowers lifted

THE DUTCH Central Bank will again allow foreign borrowers to raise funds on the private Dutch market from the start of the new year...

Zinc plant closure by Metall

METALLGESELLSCHAFT, the Frankfurt-based metals, engineering and transport concern, has shut down one of its zinc smelters owing to the low level of demand...

JAPANESE STOCK MARKET

Mixed prospects for 1977

BY DOUGLAS RAMSEY IN TOKYO

A FEW DAYS before the 1976 stock market closed on a 41-month high, Tokyo and the seven other Japanese exchanges tightened rules on margin trading, obliging investors to deposit 50 per cent. of the value of any stock purchase.

The Sumitomo Bank, Limited

(Incorporated in Japan)

CONDENSED BALANCE SHEET (AS OF 30 SEPTEMBER, 1976)

Table with columns for ASSETS and LIABILITIES & CAPITAL FUNDS, showing values in Yen and millions of Yen.

The above Balance Sheet was approved at the Annual General Meeting held on 23rd December, 1976

Sumitomo's first business activity can be traced back some 400 years, to 1590, when Kichizaemon Sumitomo started a copper-smelting business in Kyoto...

BRAZILIAN INVESTMENTS S.A. Net Asset Value per Depository Share as of 31st December 1976 U.S.\$85.95

VONTobel EUROBOOND INDICES table with columns for PRICE INDEX, AVERAGE YIELD, and various bond types.

Tokyo Pacific Holdings N.V. U.S. \$ 40.99 Tokyo Pacific Holdings (Seaboard) N.V. U.S. \$ 29.89

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Swiss lift ceiling on foreign bond loans

THE SWISS National Bank has set a ceiling on the amount of foreign bond loans which it will provide to Swiss companies...

Falck putting 1,500 workers on short time

ROME, January 5. THE FALCK Group—Italy's largest private steel producer and country's second largest steel company after the State-run Italcristal—has announced that it will put nearly 1,500 workers on short-time at three of its plants in the Milan region...

Hachette reduces radio stake

PARIS, Jan. 5. HACHETTE, France's largest publishing group, intends to sell 8 per cent of its 16 per cent stake in the capital of Compagnie Luxembourgeoise de Telediffusion which controls Radio Luxembourg...

Fourth quarter loss expected by Gotaas Larsen for 1976

OSLO, an agribusiness and transportation multinational, revealed yesterday that Gotaas-Larsen's nine months earnings contribution of \$11.3m. to a corporate total of \$31.1m. would be reduced by a last quarter operating deficit of \$7.5m. of the profit comes from gains from vessel sales...

Hague withdraws Tealtronic aid

AMSTERDAM, Jan. 5. THE DUTCH Economics Minister has decided to stop pumping money into Tealtronic Nederland, the former Sinter office computers manufacturer, in which the government has an interest of 70 per cent...

Books closed on Sumitomo

WITH THE \$20m. Sumitomo Heavy Industries seven-year bond issue having been massively oversubscribed the issue managers have announced a shortening of the selling period and the books were closed yesterday...

BOND TRADE INDEX

Table with columns: Bond Name, Wednesday, Tuesday. Includes entries for Medium, Long, and Convertible bonds.

SELECTED EURODOLLAR BOND PRICES

Table with columns: Bond Name, Bid, Offer. Lists various Eurodollar bonds such as Dow Chemical, EEC, and others.

Thyssen-Hueller merger disapproved

THE MERGER between Thyssen Industrie and Hueller Hillie, two machinery makers, has not been sanctioned by the West German Federal Cartel Office...

Wilhelmsen profits up

OSLO, Jan. 5. WILHELMSEN, Norway's largest shipping company, expects profits for 1976 to be somewhat higher than a year earlier...

Genesco seeks new chief

NEW YORK, Jan. 5. SMALL team of executive directors of Genesco, the large financially troubled U.S. conglomerate, has officially decided to look outside the company for a new permanent chief executive...

Banking move by La Roche

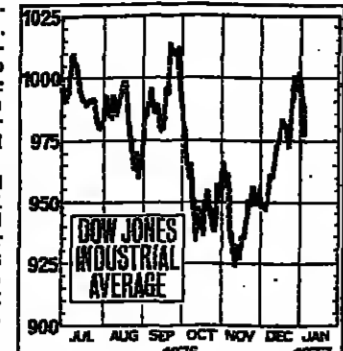
THE BASLE private bank La Roche has acquired a shareholding in the south German banking house J. A. Krebs, of Freiburg reports John Wicks from Zurich...

Large advertisement for REDE FERROVIÁRIA FEDERAL S.A. featuring a £127,000,000 export finance facility and a \$200,000,000 multi-currency medium-term loan. Includes logos for the Brazilian Federal Railway System and various international banks.

WALL STREET OVERSOLD MARKETS FOREIGN EXCHANGES New Year's slide continued: off 9.81 Pound improves

BY OUR WALL STREET CORRESPONDENT

THE NEW YEAR'S slide continued on Wall Street today, when many traders were available... President Carter's recovery...



Higher late December car sales... Chrysler dipped \$1 to \$202... Sears, Roebuck lost \$1 to \$864...

Canada lower All major indices pointed lower

Indices

Table of New York Dow Jones indices (Industrial, Home, Transport, Utilities, etc.) with 1976T and 1975T data.

Table of Standards and Poors indices (Industrial, Composite) with 1976T and 1975T data.

OVERSEAS SHARE INFORMATION

Table of overseas share information for New York, listing various international stocks and their prices.

dealings. Banks were slightly lower... VIENNA-Irregular. Construction generally firm...

OTHER MARKETS

VARIS-market was generally higher, aided by switching of international funds from the U.S. to Europe...

WEDNESDAY'S ACTIVE STOCKS

Table of Wednesday's active stocks, listing companies like Amstar, Anso, Borden, etc.

Table of Rises and Falls, listing gains and losses for various international markets like Australia, Brazil, etc.

Table of Investment premium based on \$2.00 per £1-129.5% (1181/35)

Table of CANADA share information, listing various Canadian stocks.

STERLING continued to improve in the foreign exchange market yesterday, and several reasons were given for its recent rise...



EXCHANGE CROSS-RATES

Table of Exchange Cross-Rates for various currencies like Frankfurt, New York, Paris, etc.

EURO-CURRENCY INTEREST RATES

Table of Euro-Currency Interest Rates for various terms and currencies.

BRUSSELS/LUXEMBOURG

Table of Brussels/Luxembourg stock market data.

AMSTERDAM

Table of Amsterdam stock market data.

COPENHAGEN

Table of Copenhagen stock market data.

VIENNA

Table of Vienna stock market data.

GOLD MARKET

Table of Gold Market data including various gold prices and market activity.

FOREIGN EXCHANGES

Table of Foreign Exchanges rates for various countries and currencies.

OTHER MARKETS

Table of Other Markets including various international commodity prices.

FORWARD RATES

Table of Forward Rates for various currencies and terms.

AUSTRALIA

Table of Australia stock market data.

BRASIL

Table of Brazil stock market data.

JOHANNESBURG

Table of Johannesburg stock market data.

INDUSTRIALS

Table of Industrial share information for various companies.

SPAIN

Table of Spain stock market data.

FINANCIAL TIMES SURVEY

Thursday January 6 1977

The illness of growth

AT A time when relations between the countries of the Maghreb have taken a turn for the worse, a Pentagon announcement that it plans to sell a stage of nuclear development, and \$58m. Chapparral air defence missiles system to Tunisia comes as no great surprise. It is an indication that Tunisia, whose armed forces totalling between 24,000 and 30,000, are among the smallest in Africa, and whose defence allocation accounts for only 1.5 per cent of gross domestic product, is passing through one of its most unsettling periods since independence 20 years ago. For the Tunisia of President Habib Bourguiba, whose regime has sought the country a degree of stability and economic development unknown elsewhere on the northern and eastern shores of the Mediterranean, is facing a rising level of social and political unrest at home at the same time as it is feeling increasingly threatened by its much larger, richer and more militant neighbours—Algeria and Libya.

In many ways Tunisia is suffering from what the planners call "the illness of growth." During the last 20 years the country's GDP has risen in real terms from \$395m. in 1956 to an estimated \$1.2bn. in 1976. The growth rate for the past four years has been between 6.2 and 6.4 per cent. And according to the UN, Tunisia was among the five African nations where GDP in 1975 exceeded \$500 per capita. In 1976 it was expected to rise to \$800 per capita and overtake neighbouring Algeria.

M. Hedi Nouria, the 64-year-old Prime Minister who has been designated as President Bourguiba's successor, says that whereas in the 1960s consumption remained practically stationary and increased at the very most by no more than 1 per cent, during the 1970s it has risen on average by more

than 8 per cent a year. M. Nouria also refers to a consumer survey that revealed that 27 per cent of the population in 1966 were spending between less than TD50 per head a year, or TD250 for a family of five. In 1975 this percentage was reduced in real terms to 16. At the other end of the scale, 12 per cent of the population spent TD400 per head a year in 1966, or TD2,000 for a family of five. This figure has now dropped to 4.9 per cent. In other words, M. Nouria explains, there was now a more balanced distribution of wealth in the country. But, he added, Tunisia was beginning to suffer from the disease of consumer societies.

"We must be careful at this stage of our development, and we must cut back on this consumption rate. And we are urging people to save more during the next Plan," the Prime Minister says. This appeal reflects the perilous state to a certain extent, has been the cause of much of the current industrial unrest in the country. Last year about 700 miners went on a two-day strike at the Djerissa mines in central Tunisia, protesting against low wages and "deplorable working conditions." Railway workers, postal employees, bus drivers and bakers also held strikes in May demanding better pay and conditions. And although the unions are effectively committed to support the Government and are an integral part of the country's only political party—the Destourian Socialist Party—there have been an increasing number of unofficial strikes or "grèves sauvages" which have usually been followed by the arrest of the ringleaders.

The economy has been seriously affected by the decline in demand for two of the country's major export commodities—olive oil and phosphates—and by the recession in Western Europe, Tunisia's main trading partner.

The need for foreign financing has therefore grown, and during the new plan (officially called the Fifth Plan) it will represent about 28.5 per cent of the total TD4.2bn. The Government intends to invest during the course of the plan Servicing of the foreign debt, which dropped from 15.3 per cent of GDP in 1973 to 6.8 per cent in 1976, is expected to increase to 15.6 per cent in

TUNISIA

In recent years Tunisia has seen unprecedented economic growth. But there has also been an increase in social and political problems, and relations with its immediate neighbour states have been somewhat strained.

This Survey was written by Paul Betts and Tania Matthews

1981—the year the Plan ends. Ironically, the economic achievements of recent years have meant that Western aid to Tunisia, in particular from the United States, has diminished and been diverted to other countries deemed in greater need. And although aid from Arab countries, mainly from the Gulf states, is beginning to trickle in, Tunisia has been forced to look towards the international finance market.

Pact

Nor has the cooperation and development agreement signed by Tunisia and the European Community last year been an altogether happy arrangement. For although the EEC has granted Tunisia a financial envelope worth \$5m. units of account (or TD38m.), restrictions on olive oil exports have to a large extent been maintained. "We have always said that the Common Market's agricultural policy has been debatable, at least as regards olive oil," the Prime Minister says. "We would like to see the Community take a new look at the problem for there is a large degree of protectionism towards vegetable oils which the Community does not produce. Geographically speaking, Tunisia is the southern flank of Europe. It therefore asks for favourable terms for our olive oil."

The Government also continues to face the dual problem of a fast growing population and acute unemployment. Officially about 15 per cent of the registered workforce is unemployed, but this does not take

into account factors such as seasonal employment (especially in agriculture, which accounts for more than 60 per cent of the active population) and temporary emigration. The majority of those unemployed are under 25, many seeking jobs for the first time. And although the Government is creating at present 42,000 new jobs a year by concentrating on short-term productive investments, it will have to create 60,000 new jobs to satisfy this year's demand. This, in turn, has engendered a mood of frustration among students, who see the limitations of their opportunities. A manifestation of this disenchantment can be witnessed on any day at any pavement cafe, where youths mope around for hours with seemingly nothing else.

There have been more violent manifestations of this dissatisfaction, however. During the last academic year riots broke out at the university of Tunis. Students extended their demonstrations to the streets of the capital, and numerous clashes occurred between students and riot police. Students went on a strike that paralysed the university. They tore up a portrait of the "combattant supreme"—the country's liberator, national philosopher and President for life, Mr. Habib Bourguiba. There were other factors behind the disorders. Although the authorities attribute them principally to "small groups of

and order is kept in universities—remains. And although officials say that greater care will be taken in their selection the presence of surveillants could provoke new disturbances during the current academic year.

Reforms are also taking place inside the party itself. Although President Bourguiba, who at 73 is probably the longest ruling Arab head of state, is still at the helm, there are signs that he is gradually easing himself out of the day-to-day running of the country.

Last October, on the advice of his doctors, President Bourguiba left for Geneva for medical treatment and a period of rest. The President's health has been the subject of some concern for several years now. He has cancelled several official engagements on account of his ill health, and he has been limiting himself to ceremonial duties and tours of inspection in the provinces, which are given wide coverage in the Press and on television. His public pronouncements have also become rarer and his Ministers appear to enjoy a greater measure of autonomy than they did in the past.

Although strictly speaking there is no organised opposition to the regime, there is a social-democratic current that would like to see the liberalisation of the regime. Last June a group of some 100 Tunisian intellectuals signed a petition asking for an economic and social policy which would put to a stop "the grabbing of fortunes by a privileged minority which binds its interests to foreign capital"—a reference to an elite that is closely associated with the President's entourage.

They also called for the release of all political prisoners, and for freedom of the Press.

The regime, however, still regards its mission as one of directing the country from above through a strong and stable Government able to tackle the problems of underdevelopment. "We are not ready for a multi-party system," the Prime Minister said. Instead the Government has opted for a policy of development embodied in the principles of "Bourguibisme"—a pragmatic and moderate approach to modernisation characterised by the President's philosophy of flexibility and opportunism. It was this policy that after a brief excursion into socialism in the late 1960s prompted the Government to encourage both domestic and foreign capital investment. Moreover, it welcomes financial and technical assistance from any source, including the Soviet Union and China.

In many ways, the country's moderate domestic policies, which have seen the rise of a relatively successful system of co-existence between private and State sectors, is reflected in Tunisia's foreign policy traditionally dictated by a concern to avoid direct conflict and concentrate instead on collaboration and the material advantages to be gained from external relations—hence the regime's pro-Western stance, which to a great extent is also dictated by President Bourguiba's own preferences.

proposed merger of the two countries collapsed in January, 1974.

Recently, however, relations have been improving and diplomatic ties between the two countries are being rebuilt. Furthermore, Libya has now agreed to take the dispute over the demarcation of the Continental Shelf in the Gulf of Gabes, where important offshore oil and gas deposits have been found, to the International Court of Justice at The Hague. The two countries have been arguing for nearly ten years over this issue—Tunisia being particularly keen to secure its share of the oil reserves which would boost the country's annual production of 4.8m. tons by an estimated 10m. tons a year, if not more.

According to diplomats in Tunis, Libya's conciliatory gesture could have been the result of pressure from President Houari Boumediene of Algeria who, facing internal economic problems at home at the same time as feeling increasingly isolated, is thought to be seeking a rapprochement with his neighbours. President Boumediene in fact visited Tripoli at the end of August shortly before Libya announced its intentions to take the demarcation dispute to The Hague.

Nevertheless, the improvement of relations with Libya, the process of reform the country is now undergoing and indications that a recovery of the country's principal exports is taking place are interpreted as signs auguring well for the future of Tunisia. But a degree of apprehension persists. For the question every Tunisian is asking himself is what happens relations were soured last year when President Bourguiba came in open support of Morocco's claims on the Western Sahara, current development programme, which is now moving into its decisive stage.

Yet it is with its two Maghreb neighbours, Algeria and Libya, that relations have taken a turn for the worse. Politically and ideologically, Tunisia has little in common with these two countries. This has been at the root of the persistent friction between the three neighbouring states. In the case of Algeria, asking himself is what happens relations were soured last year when President Bourguiba came in open support of Morocco's claims on the Western Sahara, current development programme, which is now moving into its decisive stage.

BASIC STATISTICS	
Area	63,378 sq. miles
Population	5.7m. (1975)
GNP	1,536.1 TD m.
Per capita	272 TD (1974)
TRADE (1975)	
Imports cif	572.82 TD m.
Exports	345.58 TD m.
Imports from U.K.	26,729 £000's
Exports to U.K.	2,968 £000's
Currency	£1=0.685 Dinars

PORT EL KANTAQUI

a new Tunisian village.... a gateway to historical Tunisia

CONCEPTION

This is the first fully integrated tourist resort in Tunisia. It is based on 20 years of experience in tourism and has been finally conceived after an extensive and thorough study of the good and bad points of other Mediterranean and Atlantic resorts.

It therefore avoids the concrete and glass jungle of high-rise apartment blocks and hotels, the resultant over-crowding and half-finished urbanising that upsets first arrivals and concentrates entirely on the completion of the first stages of its plan before welcoming any tourist or any yacht.

Instead of using fully the unique and gracious line of arabo-moorish architecture and landscaping, the SOCIETE D'ETUDES ET DE DEVELOPPEMENT DE SOUSSE-NORD are creating a spacious and elegant resort amidst olive and palm-groves next to the brilliant contrasts of Tunisia's Mediterranean sea.

GOLF-COURSE

This is an international 18 hole, 7080 yards, Par 72 championship course, designed by Harris, Thomson, Wolveridge and Bream. It takes fullest advantage of a beautiful sloping terrain to produce a unique landscaped course, with excellent club-house and facilities.

YACHT MARINA

Nearing completion and capable of taking vessels of up to 40 metres overall. There are 340 berths, water displacement is 4 metres maximum, the slipway is 5 m 40 wide.

Lifting equipment available for vessels up to 20 metres overall. Fully equipped and ultra-modern marina facilities. Mooring fees, wintering and repair charges are very reasonable and at very competitive rates.

CHILDREN

A superb adventure playground for all ages of children is being built. It will be run by suitably trained personnel. Competitions and other planned events will ensure that the children enjoy themselves just as much as their parents if they take advantage of these facilities, while for the very young, there will be playgroups run by properly qualified staff.

RECREATIONAL FACILITIES

There is an extensive beach-club, with a swimming-pool, solarium, restaurant, night-club and bars. Sporting facilities include a tennis-club, horse-riding, gymnasium, skuba diving, water-skiing, yachting and golf.

COMMERCIAL CENTRE

This consists of over thirty shops, boutiques, travel-agencies, post office, banks, supermarket, car-hire firms as well as the usual civic agencies, fire-station, police and full medical services.

APARTMENTS AND VILLAS

The first stage of the development will consist of over 200 studios and apartments, built around the Marina-harbour, for sale at prices around 700 US dollars per sq.metre and ranging in size from 32 to 75 sq.metres. There will then be put on sale over one 100 plots adjacent to the fairways of the golf-course ranging from 800 to 2000 sq.metres on which luxury villas will be built. Given the extensive green-belt zoning of this development, the final visual result will be that of a well landscaped and spacious park. There is no shortage of domestic help in nearby Soussse nor is there any water shortage for those who may wish to install a swimming-pool.

Non-residents who purchase their property in foreign exchange will be allowed to transfer the returns on rental-fees or re-sales anywhere in the world. An estate agency is being set up to handle the rental and re-sale business.

HOTELS, BEACH-CLUB, CASINO

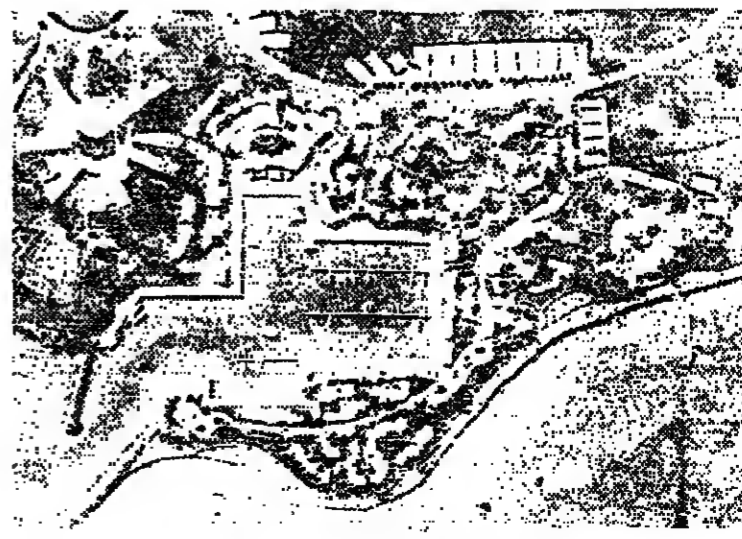
A 4-star Deluxe Hotel under the management of the TRUST HOUSES FORTE GROUP LTD will open in March 1978. It has 250 rooms, many suites, a presidential suite and is fully air-conditioned and equipped with all the usual amenities..... swimming-pool, bars, night-club. Other hotels will be opened in due course and will be offered to international management; a casino-hotel is also being planned which will also be open to tender. The beach-club which is excellently equipped will be under separate management.

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مرسى القنطاوي
PORT EL KANTAQUI

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TEL: 244.218 - 249.047 - 254.193 TELEX: 12541 Susnor.



TUNISIA II

Turning round the economy

THE TUNISIAN economy has policies of State intervention reached a major turning point and collectivisation earned him in its evolution. After the enemies on the Right and on experiments in economic liberalism during the years immediately following independence and a decade in which the economy was seriously dislocated by an ambitious and too hasty programme of co-operatives, had harvests, a limited resource base and dependence on a small domestic market, the Government is embarking this month on its fifth Development Plan with the object of ensuring a sustained rapid growth rate, self-sufficiency in food production, and stable employment for all by 1981. By that year, according to the Prime Minister, M. Hedi Nouria, Tunisia will be poised for its economic take-off.

M. Nouria, formerly Governor of the Tunisian Central Bank, has been in overall charge of the country's economy since the fall in 1969 of M. Ahmed Ben Salah—the powerful Finance and Planning Minister whose

land tenure and the continuing rural migration to the cities. After the Ben Salah era, however, when the focus was heavily placed on agriculture as the basis of capital accumulation, the emphasis shifted on export promotion and on short-term productive investments, particularly in manufacturing industry. To encourage the development of exports—particularly in textiles and fertilisers—and industrial employment in the private sector, the Government introduced in 1972 a system of special incentives and created the institutional framework—the Agence de Promotion des Investissements (API)—to assist both domestic and foreign export-oriented ventures. The aim was also to diversify investment outside Tunis and other major urban centres like Bizerte, Sousse and Sfax to less privileged areas. Eventually the Government hopes the private sector will turn into the major source of industrial growth.

The principal incentive offered to Tunisian investors, explained M. Slabeddine Pacha, joint director of API, were long-term and low-interest credit facilities from the Government. These credits could represent up to 30 per cent of the total capital necessary to set up a project.

cheap and relatively well qualified labour force, 280 foreign projects, including joint ventures with Tunisians, have been set up under the April 1972 Law representing a total investment of TD114m.

The biggest source of capital—TD32.3m.—has been West Germany. Britain, on the other hand, has contributed only TD5.3m. The bulk of investment has been in textile and leather industries, accounting for 199 of the 280 projects set up, followed by mechanical and electronics industries, cement, and food processing, including materials, ceramics and glass.

After the restructuring of the economy, the country in the early seventies began registering average real growth rates of around 10 per cent a year. It was a boom period for Tunisia. The Government's policy of social advancement through liberal economic development generated a mood of confidence which in turn was boosted by the spectacular growth in the tourist business, the surge in oil and phosphate prices, and a series of good harvests.

This confidence was expressed most dramatically in the rise in the volume of national savings, which during the last 10 years have multiplied nearly seven times from TD61.9m. in 1967 to TD429m. in 1976. Of the TD1,500m. invested in the course of the Fourth Plan, 83.7 per cent was derived from national savings and only 16.7 per cent from foreign sources. And in spite of a rising import bill, the country, through increased export earnings and invisibles such as tourism and emigrants' remittances, registered a series of balance of payments surpluses.

There followed, however, the slump in phosphate demand, the fall in oil prices, and the marked deterioration of the rates of exchange on the international market. In 1975, in spite of continuing good harvests, the country registered a balance of payments deficit of TD11.1m., and a record trade deficit of TD230m. For 1975 the payments deficit is expected to be TD15m. and the trade deficit TD239m.

"As our principal customers and suppliers are in Western Europe," the Prime Minister explained, "we have had to face up to all the upheavals that the

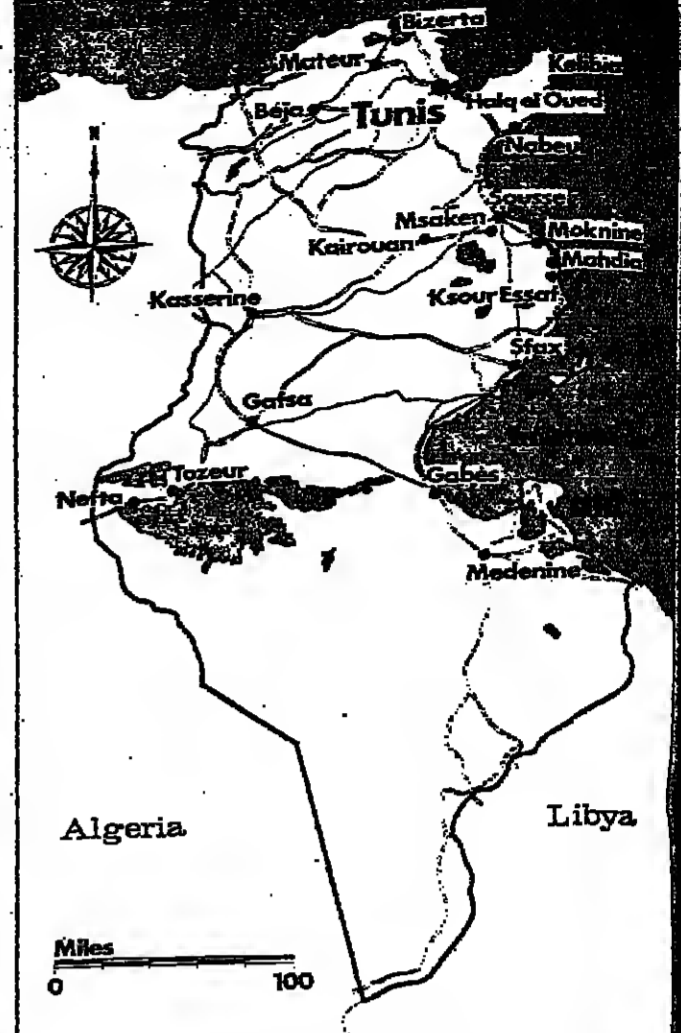
European economy has recently experienced, particularly as regards the cost of capital equipment, energy, raw materials and of course inflation." The Government, however, had managed to hold back the rise in the prices of essential commodities like bread and sugar through a programme of heavy subsidies, he claimed.

On the other hand, according to U.S. banking sources, foreign businessmen, in spite of all the incentives offered to them, are frustrated by Tunisian officialdom which is often unwilling to take responsibility for decisions—a sign of the so-called negative attitude of the country's fast growing bureaucracy.

The Government regards the present difficulties only as a minor check in its long-term objectives. Its intervention last year to support the country's phosphate-related chemical industry by buying the foreign interests in a fertiliser plant at Sfax, where production had been halted because of declining demand, is one example of the Government's decision not to change course at this stage of the country's development.

The Government has therefore decided to invest during its fifth Plan TD4.2bn., a significant increase on the last Plan's total of TD1,578m. This increase, the Government envisages, will secure the necessary capital base for the take-off of the country's economy.

By 1981, it hopes the country will have achieved economic self-reliance, particularly in the agricultural sector on which the Government pins its long-term objectives. "Agriculture," it says, "has always been at the centre of Tunisian economic policy, and agricultural production remains the primary condition to any radical economic or social change. It is the only way to ensure a continuous food supply to the ever-growing urban areas; it partially solves



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MINING CENTER OF KALAA KHASBA (EX KALAA DJERDA) AREA

Production of rock phosphate:
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 Agricultural quality grade 65/68 % B.P.L.
 Loading Port at la Gouletta

Phone : 275-154
 Telegraphic Address : Fosfat la Gouletta

- Current production : 4.1 Millions metric tons/year
- 70 % for export to 20 countries of Europe, Asia, South-America
- 30 % for home deliveries (fertilizer industry)
- Planned production for 1980 : 7 millions metric tons
- 1976-1980 Investments : 322 Millions US \$

Exemptions

As regards foreign manufacturing industries producing exclusively for export under the so-called Law April 1972 foreign companies benefit from a ten-year exemption from corporation tax, with a 10 per cent reduction in tax payments for another ten years. For 20 years they pay no tax on the rental value of premises, no customs duty on capital goods, tools, spare parts, raw materials, and any other goods required for export, and there are no restrictions on the repatriation of income. Payment of dividends to non-resident shareholders is also exempt from Tunisian taxation.

Last year 762 Tunisian projects of varying size and cost were set up with the backing of API. Of the 70,000 new jobs created by industry during the last Four Year Plan, he added, many were the result of private Tunisian projects which involved a total investment of some TD200m. Foreign export-oriented ventures have also flourished. Attracted by the

Unrest

But the significant increase in industrial unrest last year, with workers in both public and private sector industries going on strike demanding better conditions and higher pay, reflects the growing concern of many Tunisians, who have come to expect a degree of well-being little known elsewhere in the Maghreb, over the present economic policies of the Government.

Although the rate of inflation is officially put at five per cent a year, many Tunisians say that it would be more realistic to think in terms of between 14 and 25 per cent a year. Unemployment and under-employment are both widespread. And a question mark is beginning to hang over the concept of the April 1972 Law since the attractive incentives offered to foreign investors effectively mean that for 20 years Tunisia will receive very little in return from the new export-oriented industries being set up at present throughout the country. Tax exemptions and profit repatriation, it is claimed, will bring in no significant Government revenue and is unlikely to create local sources of capital.

The unemployment problem; it enlarges the internal market and helps reach a balance of payment equilibrium." In the new Plan the Government has allocated some TD500m. for agriculture, of which half will be spent on the development of agricultural infrastructure. Among these projects, programmed to start in 1981, is the so-called Northern Work on the first stage of the project, programmed to start in 1983, is expected to cost TD500m. The overall project, which half will be spent on the development of agricultural infrastructure, is scheduled to be completed by the 1990s.

Better trade outlook

ALTHOUGH ITALY and France remain Tunisia's most important European trading partners, the agreement with the European Economic Community signed earlier this year is expected to lead to much wider trade links in future.

The trade provisions of the agreement, relating most significantly to the export of olive oil to the Community, came into force on July 1 last, but has much wider implications for Mediterranean trade. The agreement was the first signed with an Arab country in the context of the Community's trade policy for the area.

This policy is aimed at achieving a series of preferential co-operation agreements with the countries of the Mediterranean basin, leading in the long-term to a free trade area stretching as far as Damascus. The EEC Commission believes that policy constitutes an essential pillar in co-operation between Europe and the developing countries, just as the Convention of Lomé has brought together the EEC countries and the 46 African, Caribbean and Pacific States.

The most important element in the agreement is regarded as the provision of financial aid totalling 95m. units of account (around £50m.) over the next five years, channelled through the European Investment Bank in the form of loans. It is hoped by the Community that this will also form the basis for triangular co-operation with Arab oil producers.

This is followed by the agreement on wine and olive oil, the latter accounting for half of Tunisia's agricultural employment. Exporters have been granted a reduction in the levy of .5 units of account per 100 kg. and an additional reduction of 20 units of account per 100 kg. on condition that the Tunisian authorities apply an export tax of the equivalent amount.

So far as agricultural imports in general from Tunisia are concerned, tariff concessions in the agreement cover between 80 and 90 per cent of exports, compared with only 50 per cent in the earlier agreement signed in 1969. For raw materials and industrial products, the Nine have granted Tunisian exports free access into the Community market, exempting them from customs duties and quantitative restrictions. The two exceptions to this are refined petroleum products and cork, on which temporary ceilings were imposed.

Although the direct loans encompassed by the agreement cannot be regarded as large, they are designed to have a spill-over effect on other external financing for development projects in Tunisia. The most notable of third party participants are expected to be the Arab oil producing countries, as Tunisia works to diversify the nature of its economy, particularly in the modernisation of its agricultural sector.

It is anticipated in the oil sector that co-operation of the nature that will favour the participation of Community companies in research programmes, processing of energy company SOGIFEX resources and the execution of long-term supply contracts for petroleum products.

Finally, the agreement offers ways and road improvement is

important safeguards and aid to Tunisian workers employed in the EEC. From Britain's point of view, Tunisia is an increasingly attractive market, with the U.K. share of that country's trade rising to about 6 per cent last year compared to around 3 per cent in previous years. In 1974 Britain exported goods worth £11.5m. to Tunisia and imported goods worth £6.2m., but last year exports rose by 105 per cent to £27m. and imports dropped by about 50 per cent to around £3m. By July this year U.K. goods worth £11.5m. had been exported (trading at about £20m. for the year) and products worth £1.7m. imported. However, figures of this nature can easily be distorted by one large order being delivered.

These figures underline the need for export-based industries in Tunisia, which are being developed under long-term investment plans. These include incentives to encourage private initiative in commerce and industry and the creation of jobs, mainly in the industrial sector. In the past British participation in industrialisation has been small, and apart from certain types of agricultural and medical equipment, knowledge of British goods remains limited.

also of high priority and will also provide opportunities for contractors.

In the private sector there is also considered to be an increasing number of opportunities, particularly in light industries such as textiles, food processing, shoe manufacture and electro-mechanical assembly. These activities have been given new impetus by the 1972 amendment to laws relating to foreign investment, which has encouraged the implementation of export-oriented industries in Tunisia. The main attractions are cheaper labour costs and tax concessions.

Since the new law was introduced projects of this kind involving investment of more than \$265m. have been set up, with West Germany the most active participant, followed by joint ventures between Tunisian and Italian companies. The

principal advantages of the are complete exemption from corporate income tax during the first 10 years of operation and a 10 per cent reduction in the rate during the next 10 years. During the first 20 years of operation, companies are exempt from tax on the rental value of factory buildings, free tax on stocks and shares used for investment, and for customs and turnover taxes. Non-resident companies are allowed to repatriate profits subject to foreign exchange values, and the payment of dividends to non-resident shareholders is exempt from legislation. The main provisions operate only for companies producing solely for the export market, indicating the importance placed on this aspect of commerce.

Lorne Barling

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TUNISIA III

Changing to meet the future

A FEW years ago, Ghabes was a steady oasis town on the southern shore of Tunisia that stretched a livelihood from a little commerce and the production of a few dates. It was held, however, as the gateway to the desert and as the only oasis on a desert coast, a privileged position. At the crossroads of the Maghreb and the Mediterranean, it developed a certain cosmopolitan quality. Indeed, until the whole region was turned into a military zone during the French Protectorate which effectively sealed it off from the outside world, Ghabes was known as "Little Damascus".

Ghabes is now undergoing change. It is attempting to shake itself from its stagnation and the shackles of underdevelopment. It is doing so not so much by choice but as a result of being earmarked by Tunisia's planners for a crash programme of industrialisation and modernisation. According to the Governor of Ghabes, M. Abderrahim Zouari, \$220m. has already been invested in industrial development in the region with \$90m. in the pipeline. And along the coast a few miles north of Ghabes between two small date plantations where not so long ago there was no electric light, some 1,400 hectares of rocky desert is being cleared at Ghabouch to accommodate both heavy and light industries in the South's first industrial zone.

postponed indefinitely. The refinery was to have had a capacity of 5m. tons a year. Instead, the Government is now proposing to extend the capacity of the El-Bayt refinery from 1.5m. tons a year to 4m. tons. Studies for a proposed extension of the refinery have already been carried out by the State oil concern, ETAP.

The Government, according to well placed sources, is waiting to see whether, after a decade of bagging, the dispute with Libya over the demarcation of the continental shelf in the Gulf of Ghabes can be resolved before it enters into a programme of heavy investment in the hydrocarbon sector. Although there are no official estimates of the volume of oil under the continental shelf, recent exploration work conducted by Libya suggests that deposits are substantial enough, a diplomat in Tunis said, to increase Tunisia's total annual production by more than 10m. tons. And although there are signs that relations between Tunisia and Libya are improving following Libya's agreement to take the dispute to the International Court of Justice in The Hague, and to continue consultations on the exploration of the continental shelf, there is still widespread scepticism over the successful resolution of the dispute.

M. Tabar Belkhouja, the Minister of the Interior, who has been conducting negotiations on behalf of the Tunisian Government over the normalising of relations with Libya, told the Financial Times that there was still a long way to go before a solution could be found. "We have made an important step forward. It is the first time Tripoli has agreed to take the matter to The Hague. But we must not get carried away and we must continue to work patiently towards a solution."

And the Prime Minister, M. Hedi Nouria, would not talk of a Tunisian diplomatic victory. "Let us not talk of success," he said. "Let us say that good sense has prevailed and we hope it will continue to do so."

Even if the dispute were to be resolved swiftly, it would take several years before Tunisia could reap any benefit from the oil under the continental shelf. According to the Planning Minister, M. Mustapha Zaanouni, it would be unrealistic to suppose that an economic miracle would occur as a result of any new offshore oil deposits before the 1980s.

Realism

Instead, M. Zaanouni said, it was more realistic to look towards natural gas as an agent for the industrial development of the country — especially in the south. Although in 1975 production of natural gas in Tunisia reached only 217.2m. cubic metres (an increase of only 4.6 per cent. on 1974), promising deposits have now been found in the Gulf of Ghabes. These are estimated at 80m. cubic metres and plans have been submitted for the construction of an underwater pipeline at a cost of between TD100m. and TD200m. The pipeline will eventually distribute the gas throughout the country, but will supply in the first instance the industrial zone of Ghabouch. These resources of natural gas, which when compared with Algeria's estimated reserves of between 4,000 and 6,000 cubic metres seem paltry, are considered sufficient to meet the country's domestic (and industrial) needs for the next 20 years. As regards the south, already a gas pipeline from El Borma feeds the Ghabouch power station, a brick factory at El Hamma outside Ghabes,

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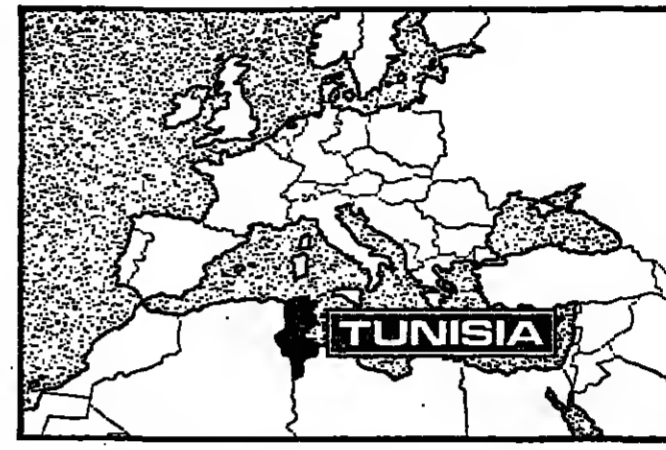
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Selection

It is perhaps not surprising that Ghabes was selected for this purpose. Although it complies with the Government's policy of regional development under the new development Plan starting this month, the proximity of Ghabes to the potentially rich offshore reserves of oil and natural gas under the Gulf of Ghabes and of the continental shelf disputed with Libya could make it instrumental in the success of the country's efforts at economic evolution. And it is not only oil and gas the Government is looking anxiously towards Ghabes to ensure it draws the maximum return from the country's other major mineral resource—phosphates.

So far, however, there is little doubt that oil has been a disappointment for Tunisia. The country's output of 4.6m. tons a year accounts for only about 0.5 per cent. of Middle East production, and in spite of intensive onshore and offshore exploration since the discovery of oil in neighbouring Algeria, Tunisia, until last year, drew the bulk of its annual production from El Borma—the field in the Algerian border where the first find was made in 1964.

El Borma, where recoverable reserves were estimated to be 3m. tons in 1971, went into production 10 years ago. In 1972 output reached an annual peak of 3.6m. tons. Since then the field has suffered from loss of pressure and, in spite of efforts to overcome the problem, its annual output dropped in 1975 to 1.7m. tons. A \$25m. loan has now been granted by the Chase Manhattan Bank to finance fan-belt injection techniques in an attempt to revive faltering production.

Some encouragement has come from the development of the Ashtratt offshore field in the Gulf of Ghabes. Production at Ashtratt — a concession held by Aquitaine unisie and Elf/Erap — began in December, 1973. By the end of 1975 the field was producing 2.3m. tons annually and thus balanced out the fall in El Borma's output. And following the opening of another field, the Isis, well on the island of Kerkennah on the northern edge of the Gulf of Ghabes, total Tunisian production, according to official estimates, could reach 1m. tons a year in 1977.

The importance of oil to the Tunisian economy can be gauged from the fact that in 1975 it represented 42 per cent. of the total value of the country's exports and, with tourism, was the country's major foreign-currency earner. But although the volume of oil exports rose by as much as 27.7 per cent. on the previous year as a result of increased production at the Ashtratt field, because of the fall of oil prices, actual earnings in 1975 rose by only 5.6 per cent. TD144.6m. from TD136.9m. in 1974. And these figures do not take into account the 34.5m. Tunisian spent last year to buy just over 1m. tons heavier Middle East crude to meet the needs of the country's refinery at Bizerte which supplies the domestic market.

Consequently, in spite of the short field, plans for a new refinery in the industrial zone of Ghabouch have been

up the planned complex of six plants at Ghabes. The first phase, to be completed by 1978, will process 1.3m. tonnes of phosphates annually to produce 170,000 tonnes of phosphoric acid and 330,000 tonnes of diammonium phosphate. The second, scheduled for 1980, will be designed to produce 300,000 tonnes of ammonia, 270,000 tonnes of nitric acid, and 330,000 tonnes of mono-ammonium phosphate.

The Abu Dhabi Fund for Arab Economic Development will provide a large proportion of the total investment, calculated at some \$414m. with the first stage accounting for nearly \$189m. The Abu Dhabi National Oil Company acquired a stake in SEPA last year.

Other phosphate processing plant developments are also planned in the industrial zone at Ghabouch.

At the same time the World Bank has granted a \$23m. loan towards aiding expansion of Tunisian phosphate rock production to an annual total of between 5.5m. to 6m. tonnes by 1980, nearly 50 per cent. higher than in 1974 since when output has been cut back because of the setback in demand. During the current Plan period, \$43m. are to be spent on improving the mining and beneficiating operations at the four main production centres in the Gafsa basin and the modernisation programmes should enable actual output to come much closer to capacity than in the past.

Despite the setback suffered in the past two years, the 1974 boom made the world aware of the potential importance of phosphate rock and moves are once again being made to form a producers' association to try and stabilise prices. After recent experience the idea of a producers' cartel being formed does not seem likely, especially as the U.S. would not participate and consumers have learnt the way to resist undue pressure.

Consumer stocks still remain surprisingly high, according to the latest report from Phosphorus and Potassium magazine, published by the British Sulphur Corporation. But the downward pressure on prices now seems to have eased, and prospects for phosphate suppliers, including Tunisia, are somewhat brighter for 1977 as surplus stocks are whittled away.

Integration

This trend towards integration by suppliers and the general reluctance of consumers to depend too much on one source—particularly a developing country—has brought an uncomfortable period for some countries. But the move towards more processing by suppliers of phosphate rock is a step in the right direction for countries like Tunisia anxious to create employment opportunities and retain processing profits rather than just exporting the raw material.

Tunisia is already a producer of phosphoric acid at Ghabes, entering the world market in 1972. But a considerable increase is planned under an ambitious two-stage programme to boost fertilizer production, including the first chemical plant to be based on local reserves of natural gas.

The Societe d'Engrais Phosphates et Azotes (SEPA), in which two of the existing phosphoric acid producers are involved, has been formed to set

up the planned complex of six plants at Ghabes. The first phase, to be completed by 1978, will process 1.3m. tonnes of phosphates annually to produce 170,000 tonnes of phosphoric acid and 330,000 tonnes of diammonium phosphate. The second, scheduled for 1980, will be designed to produce 300,000 tonnes of ammonia, 270,000 tonnes of nitric acid, and 330,000 tonnes of mono-ammonium phosphate.

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Problems with phosphates

TUNISIA IS fortunate in being one of the relatively few countries in the world with sizeable reserves of phosphate rock—a vitally important raw material since it is one of the three essential ingredients used to produce the fertilisers on which future expansion of world food production depends. The main Tunisian phosphate reserves are in the Gafsa basin in the south of the country close to Algeria, another though smaller producer of phosphate. In the Western world Tunisia ranks as the third or fourth largest exporter of phosphate rock. This provides a large proportion of its foreign exchange earnings and promises to yield even greater returns in the future as prices rise and plans for nearly doubling output within the next few years come to fruition.

However, the experience of the past two years has made it clear that phosphate rock is in a very different category from oil, even though it is a similarly non-renewable natural resource of vital importance to the world.

The 1974 "boom" when strong demand caused a shortage of supplies and forced up phosphate rock prices spectacularly, gave rise to suggestions that phosphate rock producers would be in a powerful position, like the oil producing countries, to control future supplies and prices in view of the urgent necessity to raise world food output to meet the needs of the ever-increasing population. That theory still holds true.

But as so often happens with theories of this kind what actually happened in practice was very different. After 1974, which yielded rich rewards for Tunisia among other phosphate suppliers, the market totally collapsed in 1975 and has not been much better in 1976. Tunisia's traditional markets in Europe, particularly France, were especially badly hit by a slump in demand and exports dropped by 28 per cent. compared with 1974. Phosphate suppliers suddenly found themselves in a new ball game, which undermined moves to form an OPEC-type cartel. The leap in phosphate rock prices not only encouraged new production from previously uneconomic sources, but also had a far bigger impact than expected on consumption, so bringing about an overall change in attitude and trading practices.

It swiftly became evident that phosphate rock was more price "elastic" than had previously been realised. Faced with huge price rises fertilizer manufacturers and farmers started looking much harder at ways to economise and in some instances—notably in France—it was found that phosphate fertilisers had been over-applied in past years and that there was sufficient built into the soil to last for several years without any fresh applications. In general consumers learnt how to use less and are hardly likely to return to what was in many cases excessive consumption, encouraged by the relatively cheap phosphate rock prices before 1973.

At the same time the surge in phosphate rock prices, and the supply threat posed if leading exporters got together, stimulated the growth in exports of products downstream in the processing line, such as the phosphoric acid which the rock is used to manufacture and concentrated phosphate fertilisers themselves. Indeed, it was a sharp growth in exports of phosphoric acid and concentrated phosphates from the U.S. to Europe at competitive prices that helped transform the phosphate rock trade from boom to slump in quite a short period.

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John Edwards

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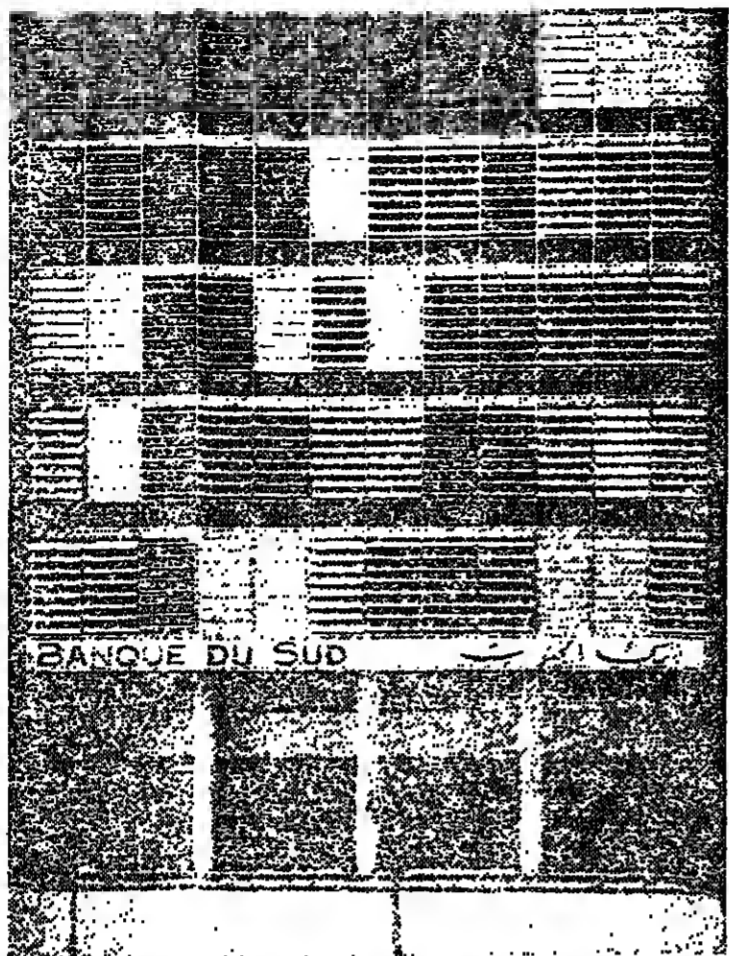
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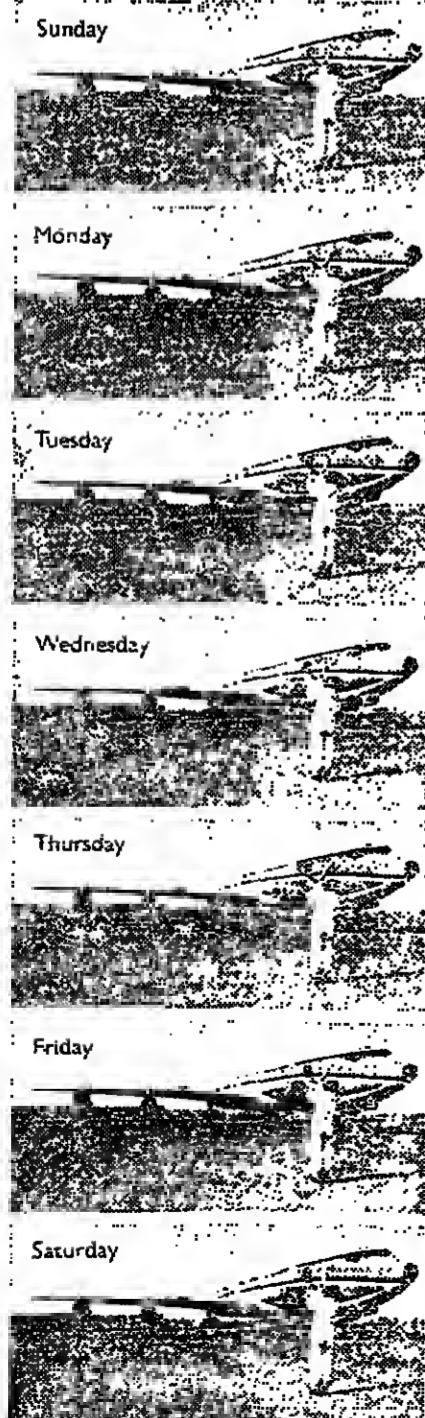
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TUNISIA IV

The desert region and its people

"YOU WON'T see any young men here, only old folk like myself and, of course, the women and the children," says the proprietor of the cafe of Tamezret. It is an ancient Berber village of some 3,500 people, straggling high on a parched hilltop overlooking an unbroken line of rock desert, dissolving into pink dunes beyond the Libyan border on one side and Algeria on the other. The proprietor spat something out of his mouth and went on talking: "There is nothing for them here. So they go off in France or to Germany, or they disappear clandestinely into Libya. Every summer they return, perhaps for a month, sometimes more, to see their wives and children."

Tamezret seems little touched by modern civilisation. It forms part of that third of Tunisia where people live in isolation without water or electricity. Apart from a track hewed in the ochre rock there is no easy access. Women and old men cultivate a few dates, a little wheat, and some olives in the folds of the hills. Some own camels, others herds of goats and sheep. Inside their stone dwellings they weave rugs for the tourists who pass in increasing numbers—50,000 of them last year—in Land Covers on their package tours of an hour or so and drive on. When the dust settles after their passage the village appears deserted.

Yet Tamezret is not altogether desolate. A modern building stands on the fringe of the old village and houses a school. The children of Tamezret speak French and most read and write. And there are signs of the astonishing if gradual colonisation, or rather recolonisation, during the last 20 years since independence of the remote regions of Tunisia. It is noticeable too in the old village of Matmata, about 10 kilometres from Tamezret, where more than 1,000 people still live invisibly underground as their forefathers did three or four centuries ago.

Matmata is Bedouin, not Berber. Here the desert travellers came to lead sedentary lives and live like troglodytes. They built their caves by digging a large pit to form a courtyard surrounded by rooms carved out of the courtyard wall. Some rooms are on different levels and must be reached by climbing a rope. The pit itself is entered by a sloping path leading to a broad arched tunnel. They still build new caves. One has been converted into a hotel. There is now a private

company that for TD750 will dig a pit and the required rooms. Inside the caves there are store rooms for olives, dates, figs and grain; the bedrooms are whitewashed, the furniture and carpets come from Libya, bought on the flourishing black market of Western goods smuggled from Libya that are available almost everywhere in Tunisia. Some have portable television sets which work on bulky truck batteries. And although some of those who can afford it have now gone to live in more comfortable and conventional housing in the new village of Matmata at the foot of the hill, there are many who prefer the old dwellings.

Evolution

But it is in the desert itself that the country's regional evolution is clearly visible. The Government, according to the Minister of Agriculture, M. Hassan Belkhouja, is taking steps to stop the advance of the desert—or "desertification" as the planners call it. An institute for arid zones is beginning work, he explained, to attempt to develop these regions, to convert them to modern ideas and to establish a framework for a complex web of new regional units that would eventually be exploited on a rational basis.

The development of the oases west of Tamezret and Matmata has already started. A road costing TD2m. and 92 km. long is to be built across the great stone lake, the Chott Djerid, linking the oases of Kebili and Douz to those of Tozeur and Nefta which grow the bulk of the country's production of the high quality degla-nour date. In 1975 Tunisia exported 8,000 tonnes of deglas and although the Government plans to increase this figure by developing degla plantations in new oases, it also intends to use these irrigated areas for other cultures. In fact, the aim is to establish three types of cultures in each oasis—the cultivation of dates, fruit trees including apples and pomegranates, vegetables and animal feed. One hectare properly cultivated in an oasis should yield, according to agronomists, anything up to TD2,500 a year.

Water, ironically, is not the limiting factor in the development of this Saharan region. For although underground water resources in most parts of southern and central Tunisia are either insufficient or unsuitable because of their salinity, in the case of the Kibili-Tozeur area there are

sufficient deposits—according to a joint study undertaken by Tunisia, Algeria and UNESCO known as Project Regional 100—to guarantee the hydro-agricultural development of the present 15,500 hectares of oases in Tunisia and indeed increase these irrigated areas by an additional 12,000 hectares. At Kibili and Douz alone there are already 100 artesian wells operating. Another 80 are planned in the Government's new Development Plan.

The region's development, however, is being held back by other factors. Perhaps the most serious is the problem of communications. And it is not merely a question of building new roads and airports. A road in the desert, even tarmaced, can disappear within hours depending on the movement of the sands. M. Amour Kria, the délégué (sub-prefect) of Douz, explained that efforts were constantly being made to establish a network of satisfactory tracks between the oases. To protect these tracks so-called "artificial" sand dunes have to be created on either side of the road. Soldiers are now helping to erect barriers made out of palm leaves which act as wind shields and around which a dune eventually forms itself.

The rational exploitation of dates has also been a major problem, M. Kria said. The old methods, the old superstitions (the palm tree is regarded as a human in the desert), have acted as a brake to the commercialisation of this sector of Tunisia's agriculture. In the late 1960s, under M. Ahmed Ben Salah, who then held the portfolios of Planning and Economic Affairs as well as that of Education, an attempt was made in rush a programme of co-operatives and the collectivisation of agriculture. M. Ben Salah was unsuccessful for several reasons. His policies earned him political enemies within the party and outside, and although funds were secured from a World Bank loan, M. Ben Salah decided to apply these to a much more ambitious and far broader programme of collectivisation than originally intended.

Above all, however, the Ben Salah experiment failed because of the speed in which he tried to implement it. "The traditionalist and highly individualistic rural milieu, especially in remote areas such as these, found it unacceptable," M. Kria explained. Instead, the new policy is to operate a system of private holdings in

the oases with the authorisation of over-seeing production and marketing methods. "Every family is initially entitled to have a hectare in the irrigated area. After that they can buy more land if they wish to and afford it. We then ration the water depending on individual needs," M. Kria said. The system enables the authorities to ensure that proper use is made of water. It is not, however, so much a problem of wastage, but one of over-irrigation that would harm the quality of the dates.

Alongside the more traditional small holdings, there are now emerging larger plantations owned by private companies. Here modern techniques of cultivation are in evidence, such as the protection of trees by plastic sheeting. This prevents damage by rain or during the crucial month before the dates are packed. For example, one grower explained, "they have their feet in water and their heads in fire." This technique is gradually being adopted by the small growers, especially among the younger age groups.

To increase productivity and better marketing, two factors—one private, the other State-owned—have been built in the area for the drying of dates after picking. "Until now the majority of the dates were packed and then sent to the seaports where they would be dried, stored and eventually distributed on the world market. A significant percentage of the produce would be damaged during the journey to France. By the end of the new Plan we hope to do all the drying and packaging here. In this way, the grower will get the maximum return for his produce," M. Kria said. It was essential, he added, to concentrate the industry in the area so as to prevent the younger workers leaving for the cities of the coast. And to make the population more sedentary, schools have been built, electricity installed in new houses, projects, health services expanded and there are efforts to create some kind of community life with the visit of theatre groups and film shows.

Environment

The development of tourism in the oases has also contributed to the modernisation of the area. The mistakes of the early years of the tourist boom have not been repeated. The formula adopted on the island of Djerba of building enormous complexes of concrete and glass has been replaced in the desert region by a more careful appraisal of the environment. The hotels in the oases offer all the basic amenities, but an effort has been made to ensure they blend with their natural surroundings. In Grad, for instance, the hotel made up of huts built with date palm leaves and some beds sheltered under the traditional black Bedouin tent. These hotels form part of the Government's new approach to tourism which seeks to encourage the industry to offer more than just sun and sea at the same time as bringing valuable employment and foreign earnings to less privileged areas.

Douz now organises a desert festival each year. This is a folkloric affair with camel races and camel fights. The fact that President Habib Bourguiba attended the festival in 1974, the Prime Minister, M. Ben Nouri, came in 1975 is a measure of the importance the Government attaches to the event. But the festival is simply a tourist attraction, an opportunity for the people of the desert to gather together. Conferences are held, products are sold. In a sense, it is an annual summit meeting of the different tribes that spend most of the year wandering or living in isolation in oases beyond the ones which are currently being developed.

Somewhat the desert people seem to be coming to terms with modern civilisation by moulding it to their own traditional way of life. They adapt to mechanisation, to new techniques and to modern housing. At the same time, in the spring they leave their stone dwellings to come out to air. They bring their tents out or build huts out of palm leaves near the pools of the older oases. After the errors of the late 1960s, the authorities have accepted that old ways are too inbred to disappear altogether and that planning strategy must in the regions comply with the traditions of the desert. The tragedy comes, however, when Bedouin is drawn by the constant process of transition towards the cities where he can live on living on the fringes of urban life in the squalid environment of the shanty town.

Over a million tourists

TOURISM has staged a remarkable recovery in Tunisia. Following the years of rapid growth in the late 1960s and the early 1970s, tourism, which after mineral exports is the country's most important source of foreign exchange, was badly hit in 1973 and 1974 by the general world recession.

In 1972, 780,000 tourists visited Tunisia, 182,000 more than in 1971 and 369,000 more than in 1970. In 1973 the number fell to 722,000 and in 1974 it dropped even more to 716,000. In 1975, however, for the first time, the number of foreign visitors passed the 1m. mark and in cash terms this represented a total revenue of TD120m.

Tourism, however, is still suffering from a post-recession hangover. For as the director of the Office National du Tourisme Tunisien, M. Sadok Bouraoui, pointed out, the rate of new investment has not kept pace with the 42 per cent. increase in the volume of tourists between 1974 and 1975. In 1975 investment in this sector of the economy amounted to only TD8.9m., less than the TD14.8m. invested in the course of the slump year of 1974. Last year, 4,000 new beds had been planned. So far not one has materialised.

The stagnation in investment is not only due to the uncertainty that has followed the recession but also due to the chronic state of the Tunisian building industry which has seriously limited development in tourism. In its annual report, the Tunisian Central Bank noted that most developers sought long-term credits stretching for 12 or more years to finance new hotels. But the poor quality of labour, lack of building materials and inadequate infrastructures meant that by the time the first repayments became due—normally after three years—a hotel

was still not yet ready for occupation. Consequently more money had to be borrowed to meet the repayment costs of the original loan.

This, coupled with the fact that tour operators have kept hotel prices in Tunisia at an artificially low level, has meant that the quality of service and maintenance in Tunisian establishments has suffered, the Bank says. Even in recently built hotels it is not uncommon to find chipped tiles in bathrooms, inadequate plumbing, cracking paintwork. And often, in the best of hotels, the service is sloppy and off-band.

Over-booking has been another problem that has faced the Tunisian tourist business as demand overtakes capacity. The authorities, according to the Director of Tourism, have so far been able to control the situation. But unless the sector is expanded in the near future the situation could get out of hand.

Last year about 1.1m. tourists visited Tunisia and tourism earned between TD130m. and TD140m. But during the new Fifth Plan the Government intends to encourage investment in this sector to ensure that tourism becomes one of the more stable bases of the country's economy.

The most important programme being planned is an integrated tourist resort north of Sousse. Known as Sousse-Nord, the project is being backed by the Tunisian Government, the International Finance Corporation and the Abu Dhabi Fund. The cost is estimated at \$65m. and work, due to begin shortly, will be in two phases. The first phase will involve an area of 635 acres surrounded by two miles of beach and will include a shopping centre, golf course and marina, recreational facilities, more than 200 apartments and one hotel. The second phase will include 10 more

hotels, 1,587 apartments, and more than 300 villas. Eventually the resort will have a capacity of 14,800 beds.

A total of \$60m. is to be spent to improve tourism infrastructures in various resorts—Tunis, Hammamet, Sousse, Djerba and Zarzis. And in order to improve the quality of staffing 812m. is to be invested in three hotel training schools.

Almost 90 per cent. of tourists come from Western Europe, with the highest numbers from France, Britain and West Germany. This dependence on Europeans is viewed with some concern by the Government which is now attempting to promote tourism in new markets, in particular the Gulf States.

Last year the first tourists from the Gulf trickled in. "They are a new brand of visitor for us," the Director of Tourism, M. Bouraoui, explained. "They arrive with large families. They expect high quality accommodation, usually comprising a large suite or a flat where they can also cook for themselves. They demand immaculate service. Special projects are therefore being developed to cater specifically for visitors from the Gulf. Last September, Kuwait signed an agreement with the Tunisian Government which will provide TD36m. of Kuwaiti funds for the development of such projects.

The Government is also planning to diversify the nature of tourism in Tunisia away from the traditional concept of the modern "sand and sea" resort. It is seeking to open up new regions in order to spread the earnings from tourism to less privileged areas. This policy is already beginning to bear fruit, especially in the Sabara regions in the south where the number of tourists has grown from a few thousand to more than 50,000 last year.

FARMING AND RAW MATERIALS

Sugar price falls to 3-year low

By Richard Monney THE LONDON daily sugar price reached its lowest level for over three years yesterday after falling 5 to £109 a tonne (the quotation switched from tons to tonnes on January 7).

Soviet grain crop tops a 223m. tonnes record

BY DAVID SATTER MOSCOW, Jan. 5. THE Soviet Union achieved the largest grain harvest in its history last year, according to Mr. Valentin Mesyats, Agriculture Minister.

NZ lamb may cost more

By Peter Bullen NEW ZEALAND producers warned yesterday that lamb could cost British consumers more this year in line with the general rise in prices due to an overall drop in meat supplies.

OXFORD FARMING CONFERENCE High potato price warning

FINANCIAL TIMES REPORTER MOST POTATO growers "profited from consumers' adversity" when the shortage following last year's drought-stricken harvest forced potato prices up, Norfolk farmer and broadcaster Mr. David Richardson, told the Oxford Farming Conference yesterday.

Tin pact compromise plan

BY WONG SULONG KUALA LUMPUR, Jan. 5. MALAYSIA IS initiating a compromise solution at this week's international tin council meeting in London to-morrow and Friday.

Cocoa higher

By Our Commodities Staff COCOA ACHIEVED a £30 permissible limit in the spot market yesterday before easing back later in the day.

Dutch concerned over U.K. butter sales

BY MICHAEL VAN OS HAGUE to-day, Dr. H. Schelhaas, the Dairy Board chairman said that in addition, the increasing competition on the British butter market from New Zealand and Germany had adversely affected Dutch sales.

EEC dairy surplus

BY ROBIN REEVES BRUSSELS, Jan. 5. THE EC is likely to have a total of 1.2m. tonnes of surplus skim milk powder and 220,000 tonnes of butter still in store at the end of the winter, according to the Brussels Commission.

U.S. lead value rise

BY JOHN EDWARDS, COMMODITIES EDITOR A RISE in the U.S. domestic lead price, from 25.50 to 26.50 cents a pound, was announced yesterday by Asarco Incorporated.

COMMODITY INDEX

The Financial Times Commodity Index figure for December 31, omitted from yesterday's paper, was 231.48. The amended figure for January 3 is 249.75.

Wool futures

LONDON - Improved in more active session following overseas advices, reports Baxco.

US Market

Copper and silver slip; grains easy NEW YORK, Jan. 5. COPPER showed a little lower with trade on both sides of market. Silver traded at 15.50-15.55.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS table with columns for metal, price, and change. Includes Copper, Zinc, Lead, Tin, and Silver.

GRAINS

GRAINS table with columns for grain type, price, and change. Includes Wheat, Corn, Soybeans, and Barley.

MEAT/VEGETABLES

MEAT/VEGETABLES table with columns for product, price, and change. Includes Beef, Pork, Lamb, and various vegetables.

PRICE CHANGES

PRICE CHANGES table with columns for item, price, and change. Lists various commodities and their price movements.

COMPANY NOTICES

Republic of South Africa 8% 1972/75/87 Loan of US Dollars: 25,000,000. The redemption on 12.77 for which a sum of U.S. Dollars: 1,000,000 is planned has been completely repurchased on the Stock Exchange.

SILVER

Silver was bid 25p an ounce lower for spot delivery in the London bullion market yesterday, at 254p. U.S. coin contracts at 10.50.

COFFEE

Dealers said market recovered from earlier low on short-covering and renewed speculative buying interest.

FINANCIAL TIMES

FINANCIAL TIMES table with columns for date, price, and change. Lists various financial instruments and their values.

European-American Commodities Conference. February 22 and 23, 1977, London Hilton. An essential conference for all who use, regulate, effect and are affected by commodity markets world-wide - food processors, farmers, brokers, bankers and traders.

COFFEE-UP 250% IN ONE YEAR. You can make money in commodities. That's why investors in 31 different countries subscribe to our weekly commodities, metals and currencies survey.

SOYABEAN MEAL. Soyabean meal is a high protein feed for livestock and poultry. It is also used in the manufacture of various products.

AUSTRALIAN WOOL CLIP FORECAST. Australia's wool production in 1976/77 is estimated at 724.5 kilns compared with last season's 754.3m. Statistics Bureau figures show.

STOCK EXCHANGE REPORT

Another good day in markets featured by Gilt-edged Share index up 2.1 at 362.7—Gold shares ease

Account Dealing Dates... Dealings Times... Stock markets remained in good heart yesterday after Tuesday's burst of New Year enthusiasm.



Shares closed with no set pattern... Stores closed with no set pattern... Lloyds hardened 5 to 21 1/2p.

one following a quieter session... January 18, edged up 1 to 3 1/2p... British Car Auction, on the other hand, finished 1/2 easier at 29 1/2p.

Profit-taking halted the rise in North Sea-oriented newspapers... Overnight American demand ensured British Petroleum of a higher opening level of 840p.

FINANCIAL TIMES STOCK INDICES table with columns for various indices like Government Securities, Fixed Interest, Industrial Ordinary, etc., and their values for Jan 4, 5, and 6.

HIGHS AND LOWS table showing high and low prices for various stocks like Govt. Secs, Fixed Int., Ind. Ord., and Gold Mines.

S.E. ACTIVITY table showing activity for various sectors like Govt. Secs, Fixed Int., Ind. Ord., and Gold Mines.

Life issues firm... Reflecting the recent crop of encouraging new world-life business figures, insurance life stocks soared in the early afternoon.

Stores closed with no set pattern... Lloyds hardened 5 to 21 1/2p... Stores closed with no set pattern.

one following a quieter session... January 18, edged up 1 to 3 1/2p... British Car Auction, on the other hand, finished 1/2 easier at 29 1/2p.

Profit-taking halted the rise in North Sea-oriented newspapers... Overnight American demand ensured British Petroleum of a higher opening level of 840p.

Courtsaid, 4 up at 83p... featured a quietly firm Textile sector. Allied gained 3 to 78p.

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

Large table of F.T.—ACTUARIES SHARE INDICES. Columns include Group & Sub-sections, Index No., Index, and various dates from Jan 4 to Jan 29, 1977.

ACTIVE STOCKS

Table of Active Stocks listing Denomina., No., Closing price, and Change for various stocks like BP, ICI, Barclay's, etc.

NEW HIGHS AND LOWS FOR 1976/77

Table of New Highs and Lows for 1976/77 listing various stocks and their performance.

Option Report—3-month Call rates

Table of Option Report—3-month Call rates listing Denomina., No., and various rates.

BASE LENDING RATES

Table of Base Lending Rates listing various banks and their rates.

Option Report—3-month Call rates

Table of Option Report—3-month Call rates listing various stocks and their rates.

RISES AND FALLS YESTERDAY

Table of Rises and Falls Yesterday listing various stocks and their price changes.

MONEY MARKET Interest rates decline

Bank of England Minimum Lending Rate 14 1/2 per cent... (since December 24, 1976) Short-term fixed period interest rates continued to decline in the London money market yesterday.

Table of Fixed Interest rates listing various interest-bearing instruments and their yields.

Table of Insurance Base Rates listing various insurance companies and their rates.

AUTHORISED UNIT TRUSTS

STOCK INDICES

Table with columns for various stock indices and their values.

S.E. ACTIVITY

Table listing various financial activities and their values.

Table listing various unit trusts and their performance metrics.

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BASE LENDING RATES

Table showing base lending rates for various banks.

REGIONAL MARKETS

Table showing regional market data and trends.

INSURANCE, PROPERTY, BONDS

Table listing various insurance, property, and bond products.

OFFSHORE AND OVERSEAS FUNDS

Table listing various offshore and overseas investment funds.

EUROMARKETS SURVEY

Despite the continuing concern over country risks, banks have continued to search aggressively for new business.

UNION POWER IN THE MODERN ECONOMY

The build-up of union power may in time prompt a reaction that will help to bring back increased competition and greater independence for the individual.

A MONETARIST MANIFESTO

Unless monetarists can agree among themselves on at least a limited programme, they are unlikely to convince others, argues Commentary this month.

THE BANKER

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JANUARY ISSUE ON SALE NOW

SEMINARS

Bache Halsey Stuart Inc.

will hold a seminar on Monday, 17 January, 1977, in order to discuss the American economy and stock market and the outlook for 1977.

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LANGUAGES FROM EXPERTS. Evening classes in French, German, Italian, Spanish and Portuguese held at 109 January. Please contact the Registrar, International Language Centre, 01-427-0491.

HOW YOU CAN MAKE A PROFIT OUT OF HIRING A MAN OF 52

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INSURANCE RATES

Insurance rates for various policies and services.

OFFSHORE AND OVERSEAS FUNDS

Table listing various offshore and overseas investment funds.

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NOTES

Notes regarding various financial matters and updates.

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, price change, and volume.

INSURANCE

Table of insurance companies such as British Overseas Insurance, Commercial Union Assurance, and others.

PROPERTY—Continued

Table of property-related stocks including companies like British Land, Commercial Union Assurance, and others.

TRUSTS—Continued

Table of trust companies such as British Overseas Insurance, Commercial Union Assurance, and others.

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Advertisement for YAMAICHI SECURITIES CO., LTD. Underwriters, Dealers, Brokers. Includes contact information for London and Zurich offices.

MINES—Continued

Table of mining stocks including companies like Anglo American, De Beers, and others.

FAR WEST RAND

Table of Far West Rand mining stocks.

FINANCE

Table of financial stocks including companies like Anglo American, De Beers, and others.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks.

CENTRAL AFRICAN

Table of Central African mining stocks.

AUSTRALIAN

Table of Australian mining stocks.

TINS

Table of tin stocks.

OVERSEAS TRADERS

Table of overseas trading companies.

RUBBERS AND SISALS

Table of rubber and sisal stocks.

MISCELLANEOUS

Table of miscellaneous stocks.

NOTES

Notes section providing additional information and commentary on the market.

TEAS

Table of tea stocks.

India and Bangladesh

Table of stocks from India and Bangladesh.

Sri Lanka

Table of stocks from Sri Lanka.

Africa

Table of stocks from Africa.

MINES

Table of mining stocks.

CENTRAL RAND

Table of Central Rand mining stocks.

EASTERN RAND

Table of Eastern Rand mining stocks.

RECENT ISSUES and "Rights" Page 19

Recent issues and rights information for various stocks.

This service is available to every company dealt in on the Stock Exchanges throughout the United Kingdom for a fee of £25 per annum for each security.